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economic analysis of north american ski areas 1986-87 season

NSAA

Business Research Division
Graduate School of Business Administration
University of Colorado at Boulder
Boulder, Colorado

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NATIONAL SKI AREAS ASSOCIATION

ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS

by
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Business Research Division
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ECONOMIC ANALYSIS OF NORTH AMERICAN SKI AREAS
1986-87

EXECUTIVE SUMMARY

This 1986-87 survey is the nineteenth economic report to the ski industry. Measured by skier visits, the respondents to this survey reported total skier visits of 28.1 million compared with the 1986-87 NSAA End of Season National Business Survey estimated total of 53.7 million skier visits for the nation. This means the respondents to this survey received 52 percent of the skier visits in the nation in 1986-87. If the balance of the areas had similar experiences the ski industry processed gross revenues of $1.6 billion and provided payrolls of $335 million.

This report follows the format of the previous reports to increase comparability and standardize measurements. There is one addition; Western Canada data is presented as 22 areas responded, making it possible to do a regional breakout.

Response

The 1986-87 survey is based on complete and detailed financial data from 134 ski areas, an 8 percent increase from the 1985-86 study.

Profitability

The ski industry recorded an average 4.9 percent operating profit (profit before income tax and interest expense) as a return on Gross Fixed Assets, down from the 5.2 percent in 1985-86, and the 7.1 percent in 1984-85. Seventy-five percent of the respondents reported operating profits which is more than the 70 percent in 1985-86. The average before tax profit was $120,000, up from the average before tax profit of $105,000 in 1985-86, but less than the $296,103 recorded in 1984-85.

Utilization

Utilization was down to 32.9 percent from 34.4 percent in 1985-86. Equivalent days/nights of operation were down to 125 from 129 in 1985-86, and below the 128 recorded in 1984-85.

Revenue

Average revenue per skier visit increased 1.8 percent to $19.04. Average total revenue from Table 26 was down 1.5 percent to $4,338,000;

Average adult weekend day ski lift ticket prices were up 5.6 percent to $21.51.

Expenses

Cash operating costs averaged $4.87 per skier capacity per equivalent operating day/night. This critical measure is down 2.4 percent from the $4.99 of 1985-86, but is above the $4.82 of 1984-85. Direct operating expenses were down 8.2 percent. Insurance costs again increased dramatically–25.4 percent.

Highlights At a Glance

	1986-87 Respondents (000)	By Profitability: Top Half (000)	By Profitability: Bottom Half (000)	By Profitability: Loss (000)
Gross Fixed Assets	$10,976	$9,897	$9,602	$14,733
Total Gross Revenue	6,263	8,023	4,998	5,552
Less: Operating Expenses	5,722	6,319	4,576	6,590
Operating Profit (Loss)	541	1,704	422	(1,038)
Less: Interest	421	370	374	569
Profit (Loss) Before Tax	$ 120	$1,334	$ 48	$(1,607)
Number of Respondents	(134)	(50)	(51)	(33)

Summary

While skier visits rose nationally to a record level of 53.7 million in the 1986-87 season the economic performance was not as good. The 1986-87 season was one where averages don't tell much of the story because there were real contrasts between the regions. The economic performance of the New England region and the East was great, pulling averages up, but the performance in California due to the lack of snow was "simply grim," pulling averages down. Consequently, the 1986-87 ski season total economic performance adds up to a mediocre one. Average dollar profits were up slightly to $120,000 (versus 1985-86 $105,000) but operating profit on GFA was down slightly, 4.9 percent in comparison with 5.2 percent for 1985-86. Seventy-five percent of the respondents reported operating profits, utilization was down, revenue was down, operating expenses were down, and average revenue per skier visit increased 1.8 percent.

The top profit areas performed well, recording an average profit before taxes of $1,334,000. This was up from the $1,192,000 recorded in 1985-86. Operating profit on GFA was a healthy 17.2 percent.

The real story of the season lies in the regions and readers are encouraged to study Chapter VII, Regional Ski Area Characteristics, to see what a strong performance the New England and Eastern areas experienced and how the California and Nevada areas suffered. While New England was recording average profits before tax of $1,499,000 the California and Nevada areas were recording losses of $1,319,000.

THE SKI AREA DOLLAR

Table A and the following pie charts illustrate the sources and uses of the ski area customer's dollar for the 1986-87 season.

TABLE A

THE SKI AREA DOLLAR

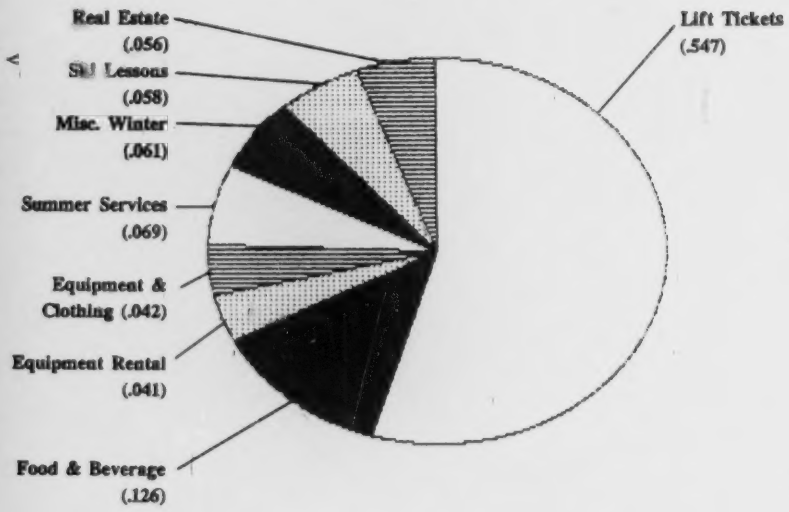
	1986-87 Season	1985-86 Season	1984-85 Season	1983-84 Season	1982-83 Season
What It Buys					
Ski Lift Tickets	$0.547	$0.516	$0.51	$0.51	$0.57
Ski Lessons	.058	.057	.06	.06	.06
Food and Beverages	.126	.113	.11	.10	.10
Ski Equipment and Clothing	.042	.039	.04	.04	.03
Rental of Equipment	.041	.035	.03	.03	.03
Miscellaneous (Winter)	.061	.056	.05	.04	.05
Summer Services[a]	.069	.071	.08	.09	.08
Real Estate	.056	.113	.12	.13	.08
	$1.000	$1.000	$1.00	$1.00	$1.00
What It Pays For					
Labor (Payrolls)[b]	$0.250	$0.242	$0.24	$0.24	$0.26
Utilities, Supplies, Maintenance, etc.[c]	.175	.185	.17	.17	.18
Cost of Goods Sold	.109	.149	.13	.14	.10
General and Administrative	.110	.109	.11	.11	.13
Depreciation	.112	.103	.11	.11	.11
Interest	.068	.066	.06	.07	.07
Advertising/Marketing	.055	.051	.05	.04	.05
Insurance	.056	.042	.03	.02	.03
Land Use Fees	.015	.017	.02	.02	.02
Property and Other Taxes	.016	.018	.02	.02	.03
Miscellaneous	.024	.010	.02	-	-
Income Taxes (50%)	.005	.004	.02	.03	.01
Profit (50%)	.005	.004	.02	.03	.01
	$1.000	$1.000	$1.00	$1.00	$1.00

[a]Includes summer season plus utility department and miscellaneous.
[b]Includes direct labor, snowmaking labor and payroll taxes.
[c]Includes other direct property operations, snow removal, and snowmaking–power, maintenance, other.

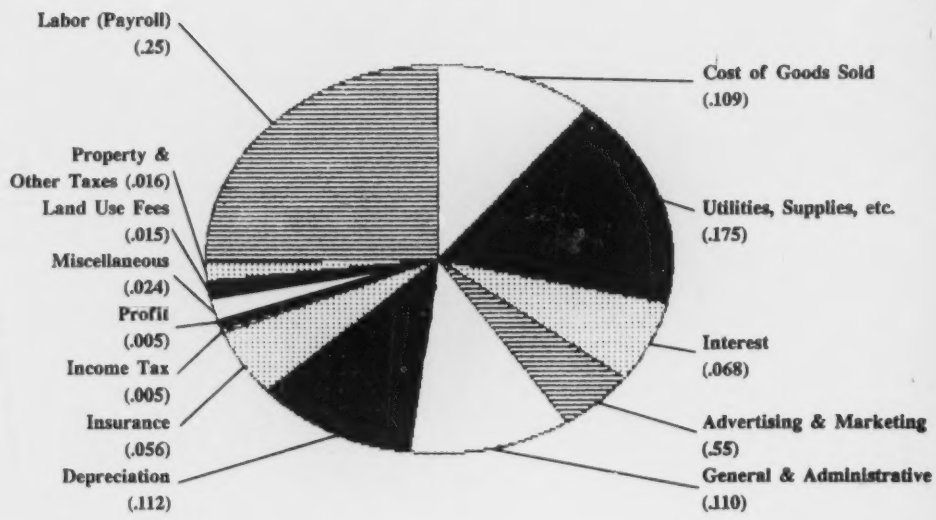
THE SKI AREA DOLLAR

1986-87

What it Buys



What It Pays For



COMMENTS FROM AROUND THE COUNTRY

NATIONAL SKI AREAS ASSOCIATION
Cal Conniff, President

The 1986-87 season set another skier visit record with 53.7 million nationally, a significant gain of 3.5 percent over the previous season's record breaker. What is particularly noteworthy is that this record was achieved in a season that in some regions of the country saw less than favorable weather and consequentially a dip in business volume.

While the East had perfect weather and showed substantial increases, some parts of the Far West suffered through a winter more conducive to wind surfing. The weather pattern that became entrenched in the late fall did not change all winter. Storms that brought substantial snow to the Pacific Northwest, tracked down through the Southwest, missing the Sierra, then swung moisture-laden clouds up the East Coast, dumping heavy snow on the Appalachians in the Southeast. Exactly four days later the storms that started out in Washington state ended up freshening the mountains in the Northeast. Meanwhile in the Midwest, it was a frustrating winter with little natural snow and only marginal temperatures for good snowmaking. Those operators who were able to crank up snowmaking operations during a late November cold snap successfully nursed that snow cover for much of the season, augmenting it whenever they could with more snowmaking. Most resort operators in the Rocky Mountains had a good season, although snowfall was below normal for the high mountain country.

The 1986-87 season clearly indicates once again that we have a strong, enthusiastic skier market. In recent years it has also become a more discriminating market as skiers go to areas that provide good skiing conditions, reliable and efficient lift equipment, and guest services that make their experience enjoyable.

The ski industry is alive and well. For the 1987-88 season, skiers will enjoy a total of $186.5 million in new or expanded on-mountain facilities (real estate not included). Most of this has gone into new lifts, expanded snowmaking, grooming vehicles, and new slopes and trails.

VERMONT
George Donovan, Chief of Research, Agency of Development and Community Affairs

Abundant early snowfall and cold temperatures into March combined to produce a record ski season in Vermont. An estimated 110,000 skiers were on the slopes Saturday, January 17. February set a record monthly total for the fourth consecutive year with an estimated 1.44 million skier-days. The total number of alpine skier-days is estimated at 5.2 million, some 17 percent over the record season a year ago. Out-of-staters spent about $71.30 per day, stayed an average of 3.8 days, and averaged 3 persons per trip.

The following table details attendance and expenditures.

Season	Estimated Annual Skier Expenditures	Estimated Skier-Days	Average Expend. per Skier-Day
1976-77	$ 80,000,000	3,000,000	$26.70
1977-78	115,000,000	3,600,000	32.00
1978-79	109,000,000	3,200,000	34.00
1979-80	84,000,000	2,100,000	40.00
1980-81	120,000,000	3,100,000	39.00
1981-82	200,000,000	4,000,000	50.00
1982-83	165,000,000	3,000,000	55.00
1983-84	230,000,000	4,150,000	55.50
1984-85	217,000,000	3,850,000	56.50
Vermonters	17,000,000	850,000	20.00
Out-of-Staters	200,000,000	3,000,000	66.50
1985-86	250,000,000	4,460,000	56.00
Vermonters	15,000,000	710,000	20.00
Out-of-Staters	235,000,000	3,750,000	62.20
1986-87	330,000,000	5,200,000	63.50
Vermonters	20,000,000	850,000	21.00
Out-of-Staters	310,000,000	4,350,000	71.30

SOUTHEASTERN SKI AREAS ASSOCIATION

Reba S. Moretz, Secretary/Treasurer

The Southeastern ski areas experienced quite varied conditions during the 1986-87 season. While West Virginia areas had an increase in skier visits up to 50 percent, one area in Tennessee was down 30 percent and the North Carolina areas averaged an increase of 15 percent.

The early season had very marginal temperatures; however, low humidity made snowmaking possible at most areas and opening dates ranged from November 22 to December 30.

The pre-holiday period was somewhat weak but most areas had an excellent Christmas, even though there was extreme difficulty in getting all slopes open at lower elevations.

January had good, consistant snowmaking weather, above average natural snowfall and very little rain, making it an excellent month for most areas.

February for many was a record month with below average temperatures, above average snowfall and good snowmaking.

Good weather and conditions continued into mid-March before warming temperatures and decreased skier visits caused areas to close March 15 and 23. Only one West Virginia area remained open until April 12.

The 1986-87 season was excellent in weather, revenues and skier visits for most areas. There was above average snowfall, no extremes in temperatures and very little rain. Except for areas in Tennessee and Georgia, this was an outstanding season and the best overall in history for many.

MIDWEST SKI AREAS ASSOCIATION
Stuart Campbell, President

In contrast to the previous winter, the winter of 1986-1987 never really arrived. Record dry spells resulting in little or no ground cover made for record warm temperatures for most of the region. The resulting extremely short season hit the southern-most ski areas the hardest. Except for the very northern states, and in most cases the northern-most parts of these states, there was literally little or no natural snowfall whatsoever. The areas that did get snow received a fraction of their typical average. While the warm temperatures made for enjoyable skiing, they limited the season to mid-November to the end of February for some areas while others had all they could do to last through the President's Holiday weekend.

The shortened season did produce, however, steady skier visits for most areas. Area operators overall fared much better than the weather would have indicated. The trends in skier attendance continued as they have the past few seasons with fewer to no huge crowded days but no zero attendance days either. Skier visits have leveled off, remaining steady with perhaps an increase in night skiing. Many operators now offer skiing from Friday evening through to Sunday evening round-the-clock. They report that the business at the wee hours of the morning is like adding one day to the week.

Overall, the 1986-1987 skiing season went the way of the weather and the geography of the region: the farther north the area, the better the snowfall and the better the season.

COLORADO SKI COUNTRY USA
John Lay, President

Colorado ski resorts set a fifth consecutive record-breaking season, issuing more than 9.4 million lift tickets during the 1986-87 season, an increase of 3.6 percent over the previous season.

Snowfall for the season was somewhat sporadic and a leading Front Range day area did not operate. However, destination skier numbers were up 7 percent, contributing to the record year. This also reflects the increasing number and use of nonstop direct flights into ski resort towns.

Additionally, implementation of the NSAA/SIA program, "Let's Go Skiing, America!" provided Colorado with approximately 10,000 new skiers.

As an industry, Colorado skiing contributes $1.5 billion in retail sales, up 12 percent in two years; employs 48,000 people, up 8 percent; and contributes $146 million in state and local taxes, up 11 percent.

SKI UTAH
Danny Richardson, President

The 1986-87 season demonstrated the ski industry's reliance on favorable weather, with snowfall or lack thereof dictating the perceptions of skiing conditions. After the excitement caused by the record-breaking October 2 opening and the following ten days of skiing at Powder Mountain, Utah had to contend with the dry conditions prevalent throughout the West, with the local skiers playing wait and see.

The Big and Little Cottonwood Canyon areas of Alta, Snowbird, Brighton and Solitude, along with Southern Utah's BrianHead, were open for Thanksgiving skiing with adequate snow. The Park City Ski Area, with the aid of extensive man-made snow, hosted the very successful America's Opening Women's World Cup during the Thanksgiving holiday. By Christmas, most of the Utah ski areas were open for business, with a combination of man-made and natural snow.

The lack of usual snowfall resulted in skier day totals as of January 1 showing a 40 percent decline from the previous season. The decline was contributed primarily to local skiers waiting for more normal conditions, with destination skiers, as indicated by strong Christmas period lodging figures, still taking their vacations.

By the first week of January, changing weather patterns brought snow and with it, skiers. By April 1st, Utah skier days statewide were even with the previous season, making up the early season in an early closing of many of Utah's areas. Final skier days were down from the 1985-86 record season by about 2 percent at 2,440,668. Despite the lower skier days, statewide lodging figures were up, indicating that destination skiers were still taking ski vacations to Utah, although they were apparently skiing fewer days during their stay. Several areas, including BrianHead in Southern Utah showed record skier day totals due to the localized nature of snowfall.

PACIFIC NORTHWEST SKI AREAS ASSOCIATION
Mel Borgersen, President

Record, or near record, skier visits in 1986-87 were enjoyed by many ski areas in Washington, Oregon and Western Idaho. However, micro weather patterns for a few areas resulted in late or inadequate snowfall and sizeable decreases in skier visits.

Total skier visits for the past two winters were:

Areas	No.	1985-86	1986-87	Change Amount	Change %
Washington	16	1,431,572	1,780,438	348,866	24.4%
Oregon	12	1,221,430	1,383,495	162,065	13.3
Western Idaho	3	308,356	307,953	- 403	- .1
Total	31	2,961,358	3,471,886	510,528	17.2%

Snow came early in November for a few ski areas. Warm chinook winds and rain followed with flooding and road damage in some regions of Washington. By early December, most ski areas had an adequate, if not an abundant, snow cover. The market was strong and new daily attendance records were achieved in individual areas in Washington and Oregon.

Total snowpack for the entire region was below average. Because of warm spring weather in April, some areas closed earlier than usual.

Total operating days were not available for all the 31 ski areas reporting. Those that did report indicated the days of operation were:

	No.	1985-86	1986-87	Change Amount	Change %
Washington	7	858	777	- 81	- 9.4%
Oregon	5	640	627	- 13	- 2.0
Western Idaho	2	253	239	- 14	- 5.5
Total	14	1,751	1,643	-108	- 6.2%

The average days of operation were:

	No.	1985-86	1986-87	Change Amount	Change %
Washington	7	122	111	- 11	- 9.0%
Oregon	5	128	125	- 3	- 2.3
Western Idaho	2	126	119	- 6	- 4.8

The average lift revenues per skier visit, as reported by 20 ski areas were:

	No.	1985-86	1986-87	Change Amount	Change %
Washington	10	$11.03	$11.18	$ .15	1.4%
Oregon	7	14.51	13.81	-.70	- 4.8
Western Idaho	3	12.02	12.57	.55	4.6

SIERRA SKI AREAS ASSOCIATION

Bob Roberts, Executive Director

The 1986-87 season was simply grim. Teased by a solid September storm, ski areas in California and Nevada geared up for a banner year. Alas, the weatherman did not deliver another significant storm until mid-January. For all practical purposes, the Sierra was closed for Thanksgiving, Christmas, and New Year's. Only Boreal, Mt. Shasta Ski Park, Ski Incline, and Snow Summit were able to make snow and record solid numbers.

Once the snow came all areas recorded outstanding attendance for the ensuing 8-10 weeks. Unfortunately, a late Easter did not help. Crowds simply died as the weather turned warm. Most areas were off between 20 and 45 percent in terms of skier visits. As a whole the industry generated only 5.1 million skier visits.

It was a long quiet summer. Lift builders and machine salesmen found the Sierra a hard sell.

BRITISH COLUMBIA

George McKay, Coordinator of Ski Development, Province of British Columbia, Canada

The 1986-87 ski season was a real improvement over the 1985-86 season with increases in skier visits and revenues.

In the downhill sector skier visits (the measure of volume) were up 15 percent for all British Columbia (exceeding 2,680,000 days) and up 11 percent for the mountain resorts (2,525,000 days). The mountain resorts are British Columbia's 21 largest ski areas who account for 94 percent of the business activity.

Gross revenues for these areas were up substantially again (over 29 percent), exceeding $63,000,000 annually and lift revenues were up 25 percent to $37,000,000. Average gross revenue per skier was up over 19 percent and average lift revenue per skier was up 12 percent. The season was 134 days long and utilization averaged 26 percent, up from 21 percent last year.

Proposed capital investment is over $21,000,000 as a result of the Blackcomb Skiing Enterprise expansion at Whistler and eight other projects in the $600,000-$800,000 range.

Heliskiing also had an excellent year with a 45 percent increase in skier days (over 40,000 days now) and a 54 percent increase in revenues. Gross revenues were reported to exceed $15,155,000, an average of $378 per skier day. Estimated capital improvements for 1987 are anticipated to be $4,735,000.

The commercial cross country operators reported 109,000 skier days and gross revenues of $1,160,000 (up 3 percent). This smallest sector of the British Columbia ski industry has reported gross fixed assets of $9,570,000 with proposed capital improvements for 1987 of $1,920,000.

In summary, the ski sector recorded over 2,829,000 skier days, more than $79,000,000 in gross revenues and anticipates $27,655,000 in new capital investment.

Employment also continued to grow with jobs reported (in full-time equivalencies–FTE's) as 2,370 FTE's in the downhill sector, 143 FTE's in helicopter skiing and 139 FTE's in the cross country areas. British Columbia's mountain resorts now provide over 2,600 man-years of employment annually.

PREFACE

The Business Research Division is pleased to present another edition of the NSAA Economic Analysis of North American Ski Areas in its tourism and recreation report series. The reader will find this study, covering the 1986-87 season, has followed the format of the previous reports for ease in comparison; however, a new feature has been added presenting some regional data on western Canada.

The 1986-87 ski season produced mixed results with the East performing very well and the Midwest and California suffering from a lack of snow. Skier visits rose to 53.7 million, a 1.8 million increase over the record level of 51.9 million recorded in the 1985-86 season. Readers are urged to utilize the 1986-87 data in conjunction with previous studies to obtain a realistic picture of the industry over time.

The Economic Study Committee again asked the ski areas to identify themselves on the questionnaire, which made it possible to have a more efficient follow-up. Calls to areas for small bits of missing financial data enabled us to utilize the majority of the questionnaires, compute ratios, and do other types of analysis, which are not possible when any key data elements are missing. Also, only areas that provided 12-month financial data were included so comparisons would be as meaningful and consistent as possible. The survey response resulted in 134 areas providing complete financial data.

Any comments, questions or suggestions for improvement of the survey should be directed to Charles R. Goeldner, Business Research Division, University of Colorado, Campus Box 420, Boulder, Colorado 80309, or Dennis Harmon, Aspen Skiing Company, P.O. Box 1248, Aspen, Colorado 81612.

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Special thanks go to Paul Mathews, Ecosign, Whistler, British Columbia, for his efforts in raising participation from western Canada areas to record levels.

A special tribute goes to Tom Buchman and Cindy Guernsey for their efforts in preparing the report. Many thanks go to Nancy Cress, Gin Hayden, and Dennis Yannutz of the Business Research Division staff for their efforts in making computer runs, constructing tables, typing, and printing against extremely tight deadlines.

Finally, our thanks go to the 134 ski area operators who furnished complete financial data, for without their participation the study would not exist.

C. R. Goeldner
Business Research Division

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I

INTRODUCTION

This economic analysis of the ski industry represents the nineteenth survey of the National Ski Areas Association (NSAA) members. Historically the first study was conducted by Sno-engineering, Inc. and reported data for the 1965-66 and 1966-67 seasons. It was followed by the Case and Company study which covered the 1967-68 season. These studies were followed by three United Bank of Denver studies covering the 1970-71, 1971-72, and 1972-73 seasons. In 1974 the Business Research Division, University of Colorado, was assigned responsibility for the study and produced the sixth through the eighteenth studies covering the 1973-74 through 1985-86 seasons. Consequently, this report focusing on the 1986-87 season represents the nineteenth effort. The survey was conducted by the Business Research Division in cooperation with the Economic Study Committee of NSAA.

Purpose and Objectives

The purpose of the annual survey is to measure and describe ski industry physical and economic characteristics; to create financial yardsticks and economic ratios having a bearing on health, growth and profitability; and to present a picture of the financial performance of the ski industry.

Specific objectives are:

1. To allow ski area operators and others to examine the performance of the industry for the 1986-87 season.

2. To allow individual ski areas to compare their performance to appropriate industry norms and benefit from the experience of others.

3. To improve understanding of ski area economics.

4. To provide a historical perspective.

5. To assist in the planning process.

Methodology

The methodology utilized in the study was the mail survey method. A questionnaire was distributed to both NSAA member and non-member ski areas in July 1987. Follow-up action included additional mailings and telephone calls from Economic Study Committee members and the

Business Research Division staff. Assistance was also provided by NSAA headquarters and regional ski area associations in an effort to gain cooperation and participation.

The questionnaire contained 17 questions concerning various factual characteristics; one open-end question; and itemized requests for revenue, expense, profit (loss) and balance sheet data pertaining to the 1986-87 ski season. A copy of the questionnaire is contained in Appendix B.

Completed questionnaires were coded, key-punched and summarized using the Statistical Package for the Social Sciences (SPSS) program on the University of Colorado's Cyber 172. In cases where tables in the report do not add to 100 percent, it is due to rounding.

Sample Response and Validity

The survey contained information on both area characteristics and financial data. Table 1 shows the geographic breakdown of the 134 areas furnishing complete data.

TABLE 1

GEOGRAPHIC LOCATION OF RESPONDENTS

	Number		Number
New England		Central Rockies	
Maine	2	Arizona	1
Massachusetts	3	Colorado	16
New Hampshire	4	New Mexico	4
Vermont	6		21
Quebec, Canada	4	Northern Rockies	
New Brunswick, Canada	1	Idaho	2
	20	Montana	5
East		Utah	5
New York	6	Wyoming	2
North Carolina	2		14
Pennsylvania	7	California and Nevada	
Virginia	1	California	13
West Virginia	1	Nevada	4
Ontario, Canada	1		17
	18	Pacific Northwest	
Midwest		Alaska	1
Illinois	1	Idaho	1
Indiana	1	Oregon	3
Iowa	1	Washington	5
Minnesota	1		10
Michigan	4	Western Canada	
Ohio	2	Alberta	7
Wisconsin	2	British Columbia	15
	12		22

Usable responses were obtained from 134 ski areas. The 134 areas providing complete financial data represent an increase from the 1985-86 study, which included 124 ski areas. Table 2 compares the VTF/Hour of our respondents to the total VTF/hour of the regions.

TABLE 2

SAMPLE RESPONSE BY CAPACITY[a]
(000)

Region	Total VTF/Hour	Sample VTF/Hour	Percent Response
New England	359,042	169,222	65.3%
East	274,785	70,918	25.8
Midwest	146,055	21,864	15.0
Rockies	622,734	324,519	52.1
West	467,173	269,652	57.7
	1,869,789	856,175	45.8%

[a]Western Canada has been excluded from this tabulation.

Table 3 provides a measure of the validity of the 1986-87 study response by comparing capacity represented with the 1985-86 responses. The 124 ski areas with complete financial data in the 1985-86 study reported 896,392,000 VTF/hour and represented some 51.2 percent of total. The 1986-87 response represents 987,009,000 VTF/hour, about 53 percent of total capacity.

TABLE 3

CHANGE IN EFFECTIVE RESPONSE
1986-87 VS. 1985-86
(000)

Region	1986-87 (VTF/Hour)	1985-86 (VTF/Hour)	Percent Change
New England	169,222	158,282	6.9%
East	70,918	70,570	0.5
Midwest	21,864	31,586	(30.8)
Rockies	324,519	302,734	7.2
West	400,486	333,220	20.2
	987,009	896,392	10.1%

Limitations

The most important limitation is that the study does not include all ski areas. While a response by ski areas containing some 45.8 percent of the uphill skier capacity (excluding Western Canada) is excellent, it may or may not be representative of the industry. Therefore, the data can accurately be interpreted as applying to only the 134 areas that responded. These areas are listed in Appendix A.

The authors believe that response was good due in large part to the acceptance of the past studies, follow-up efforts, and increased awareness of the practical value of the data. Non-respondents, however, could be weighted heavily by loss operations or by small operators who do not have a great interest in the study.

How to Use the Study

An understanding of the terms is essential to a proper understanding of the report. Definitions are included in Appendix C and the reader is urged to familiarize himself with these specifics prior to delving into the report.

Individual ski areas will benefit from conducting a comparative analysis. Most tables contain a column where ski areas may insert the data supplied on their questionnaires and relate their experience to the appropriate average figures. First, fill in your figures. Second, compute your critical financial ratios. Third, complete proportional analyses (percentages) based on both total revenue and gross fixed assets. Finally, with these measures compared to one or more of the appropriate geographic, size or profitability breakdowns, analyze your strengths and weaknesses. In general, concentrate on areas where your operations differ significantly from the averages.

A significant difference need not dictate a change; however, it does flag an area that requires your attention to either adequately rationalize the departure from the norm or to focus on methods of reducing the expense, increasing the revenue, or increasing the utilization.

Organization

The report is divided into ten chapters. General ski industry characteristics and trends over the past studies are contained in Chapter II. Ski area financial performance is covered in Chapter III. Chapter IV deals with the critical financial ratios. The details of profitability are discussed in Chapter V. Chapter VI discusses the various departments, their contribution and employment. Regional characteristics and differences are discussed in Chapter VII, while Chapter VIII contains a description of the industry broken down by type (day, weekend, vacation and weekend only), size and days of operation. Chapter IX discusses the characteristics of ski areas with snowmaking and those with night operations. Chapter X concludes the study by presenting the results of the open-end question dealing with 1986-87 season highlights.

The report contains four appendices. Appendix A lists the ski areas that responded to the survey, Appendix B presents the questionnaire used, Appendix C defines the terms used in the study, and Appendix D lists the members of the NSAA Economic Study Committee.

II

SKI INDUSTRY CHARACTERISTICS

Ski areas were asked 17 questions concerning factual characteristics about their operation. These characteristics are summarized in Table 4. Similar tables summarize these significant parameters by various geographic locations, size, profitability, type, days of operation, snowmaking, and night operation breakdowns in subsequent chapters.

The purpose of gathering this information was to examine industry characteristics and explore similarities and differences in an attempt to develop parameters to describe success or failure. Significant findings are discussed in this chapter.

VTF/Hour

The average ski area contained 7,366,000 vertical transport feet per hour of uphill capacity, capable of comfortably handling crowds of 4,910 skiers. Average VTF/hour was up slightly, 2.0 percent, from the areas responding last year. Figures shown in Table 2 (page 3) were developed from the 26th Annual Survey of New Lifts (*Ski Area Management*, January 1987) and indicate a growth of 118,468,000 VTF/hour, an increase of 6.8 percent over the VTF/hour in 1985-86.

Table 5 contains a comparison with previous studies. Ski areas in the 1986-87 study varied in size from a low of 600,000 VTF/hour to a high of 49,164,000 VTF/hour.

Gross Fixed Assets (GFA)

Size is also measured in Gross Fixed Assets, the total undepreciated cost to create the ski area. Average GFA is $10,976,000 representing an average cost of $2,235 for each skier accommodated daily. (Defined in the economic ratio section as the Capital Cost/Capacity Ratio.) The smallest ski area responding had GFA of $307,000 while the largest had $71,538,000.

Type

One descriptive method of differentiating ski areas is by markets. Most areas serve a specific functional market while a number will serve more than one. Areas were asked to classify themselves

TABLE 4

AVERAGE SKI AREA CHARACTERISTICS

	1986-87	1985-86	1984-85	1983-84	1982-83	USFS Permittees 1986-87
SIZE						
VTF/Hour (000)	7,366	7,229	6,901	6,973	6,207	9,911
Gross Fixed Assets (000)	$10,976	$10,488	$9,848	$9,103	$7,706	$13,400
Skiable Acres	639	630	595	582	557	1,013
Total Acres	1,752	1,637	1,652	-	-	2,080
LOCATION						
Within 50 Miles of SMSA	37%	35%	37%	31%	32%	25%
With 6+ Areas in 1 Hour	26%	28%	32%	28%	29%	27%
New England	15%	19%	20%	18%	15%	7%
East	13%	15%	14%	16%	16%	0%
Midwest	9%	12%	13%	12%	13%	2%
Rockies	26%	24%	27%	29%	30%	53%
West	20%	29%	27%	26%	26%	38%
Western Canada	16%					0%
SITE CHARACTERISTICS						
Number of Beds at Base[a]	1,875	1,892	1,277	1,336	1,203	2,855
Number of Beds (10 Miles)[a]	4,158	4,081	4,072	4,214	3,860	5,932
With Snowmaking	67%	69%	72%	73%	68%	53%
With a Night Operation	44%	42%	41%	38%	38%	28%
Terrain: Beginner	25%	25%	25%	25%	26%	22%
Intermediate	48%	49%	49%	49%	49%	48%
Expert	27%	26%	26%	26%	25%	30%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	45%	52%	53%	49%	50%	100%
Engaged in Land Development	40%	43%	39%	34%	32%	32%

TABLE 4 (Continued)

AVERAGE SKI AREA CHARACTERISTICS

	1986-87	1985-86	1984-85	1983-84	1982-83	USFS Permittees 1986-87
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	125	129	128	133	117	124
Average Peak Day Crowd	4,540	4,696	4,814	4,466	4,166	5,413
Average Skier Visits (000)	210	218	219	214	194	259
Average Age of Ski Areas	28 years	27 years	26 years	26 years	24 years	31 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$19.04	$18.71	$17.01	$15.73	$15.06	$18.99
Average Lift Ticket Revenue/Skier Visit	$15.89	$15.68	$14.45	$13.61	$12.90	$16.41
Average Adult Lift Ticket Price:						
Weekend	$21.51	$20.37	$18.68	$17.55	$16.43	$21.28
Weekday	$19.80	$18.26	$17.15	$15.97	$14.89	$20.42
Average Night Ticket Price						
Weekend	$12.75	$11.46	$10.74	$ 9.62	$ 9.01	$11.07
Weekday	$11.99	$11.23	$10.21	$ 8.97	$ 8.47	$10.46
Average Adult Season Ticket Price	$ 382	$ 385	$ 369	$ 349	$ 325	$ 415
Average Utilization	33%	34%	37%	35%	38%	30%
Average Profit (Loss) Before Tax (000)	$ 120	$ 105	$ 296	$ 290	$ 143	$ (133)
Ratio: Revenue/GFA	40%	42%	43%	43%	42%	38%
Base	(134)	(124)	(117)	(113)	(118)	(60)

[a]Starting in 1985-86, this is the average for the areas having beds.

TABLE 5

VTF/HOUR CAPACITY

VTF/Hour (000)	1986-87 Number of Areas	1986-87 %	1985-86 Number of Areas	1985-86 %	1984-85 Number of Areas	1984-85 %
Under 2,500	29	21.6%	29	23.4%	24	20.5%
2,500 - 3,999	22	16.4	20	16.1	17	14.5
4,000 - 5,499	22	16.4	24	19.4	24	20.5
5,500 - 9,999	32	23.9	24	19.4	31	26.5
10,000 and Over	29	21.6	27	21.8	21	17.9
	134	99.9%	124	100.1%	117	99.9%

as "day," "weekend," "vacation" or "weekend only" types. Classification as a day area is the largest in the East and Midwest, while vacation areas dominate in the Rockies. A higher proportion of the smaller areas are day oriented while the larger are vacation destinations.

Acreage

The average ski area contains 639 acres of developed ski slopes and trails. Currently these 639 acres support crowds of 4,910 skiers, creating an average density of 7.7/acre. Ski areas in the East and Ontario region accommodate skiers at the average density of 23.9/acre, and New England areas at 25.2/acre, while the Western areas vary from 3.7/acre to 15.4/acre. Table 6 summarizes this data.

This year, for the fourth time, the questionnaire contained a question about total ski area size. The average size is 1,752 acres, the smallest area contained 12 acres and the largest 14,000 acres. Last year the average size was 1,637 acres, the smallest area contained 36 acres and the largest 14,080 acres.

TABLE 6

SKI AREA ACREAGE AND CAPACITY

	Base	Average Skiable Acres	Calculated Capacity (Skiers)	Average Density (Skiers/Acre)
Total Sample	(134)	639	4,910	7.7
USFS Permittees	(60)	1,013	6,607	6.5
By Profitability				
Top Half	(50)	486	4,814	9.9
Bottom Half	(51)	817	4,633	5.7
Loss	(33)	595	5,485	9.2
By Geographic Region				
New England	(20)	224	5,641	25.2
East and Ontario	(17)	110	2,627	23.9
Midwest	(12)	69	1,215	19.1
Central Rockies	(21)	487	7,523	15.4
Northern Rockies	(14)	1,120	4,169	3.7
California and Nevada	(17)	1,474	8,049	5.5
Pacific Northwest	(10)	1,012	4,294	4.2
Western Canada	(22)	594	3,965	6.7
By Type				
Day	(73)	448	2,962	6.6
Weekend	(26)	853	6,063	7.1
Vacation	(35)	876	8,118	9.3
Snowmaking Areas				
New England	(20)	224	5,641	25.2
East and Midwest	(29)	95	2,094	22.0
Rockies and West	(41)	930	7,278	7.8

Location

Geographic Location

Tables 1 and 2 illustrate the geographic dispersion of ski areas responding across the nation. Table 7 shows the proportion of the sample areas by VTF/hour. For example 17.1 percent of the VTF/hour represented in the sample was located in New England.

TABLE 7

LOCATION OF SKI AREAS

Region	VTF/Hour (000)	%
New England	169,222	17.1%
East	70,918	7.2
Midwest	21,864	2.2
Rockies	324,519	32.9
West	269,652	27.3
Western Canada	130,834	13.3
	987,009	100.0%

Proximity to Metropolitan Areas

Travel is a critical variable to the success of ski areas. With the nation-wide speed limit of 55 miles per hour, except in rural areas, and a general limit on time for day and weekend outings, proximity to markets has become more important in the 1980s. Table 8 illustrates this critical relationship.

TABLE 8

PROXIMITY TO METROPOLITAN AREAS (SMSAs)

Miles to Nearest SMSA	Total Sample Number	Total Sample %	Day %	Weekend %	Vacation %
0 - 24 miles	27	20.1%	31.5%	3.8%	8.6%
25 - 49 miles	22	16.4	16.4	19.2	14.3
50 - 74 miles	25	18.7	20.5	19.2	14.3
75 - 99 miles	25	18.7	15.1	15.4	28.6
100+ miles	34	25.4	15.1	42.3	34.3
No response	1	0.7	1.4%	-	-
	134	100.0%	100.0%	99.9%	100.1%

Note that 68 percent of the day areas are within commuting distance (75 miles) while a high proportion of the weekend areas require 2 or more hours of driving. Vacation destinations are typically in more remote locations where snow conditions are maximized, because with stays of 7 to 10 days, proximity is not critical.

Proximity to Other Ski Areas

Ski areas tend to be clustered near each other geographically. Part of this trend is due to natural conditions required, the terrain, snow conditions and climate. Part may be conditioned by the existence of regional airports, interstate highway access and the observed behavior of skiers who seek destinations where they may find a variety of skiing experiences. Table 9 illustrates the extent of this clustering.

TABLE 9

PROXIMITY OF COMPETITIVE AREAS

Number of Areas Within 1 Hour Drive	Total Sample		Profitability		
			Top Profit	Bottom Profit	Loss
	Number	%	%	%	%
None	27	20.1%	12.0%	17.6%	36.4%
1	25	18.7	18.0	21.6	15.2
2 - 3	25	18.7	20.0	21.6	12.1
4 - 5	22	16.4	20.0	13.7	15.2
6+	34	25.4	30.0	23.5	21.2
No response	1	0.7	-	2.0	-
	134	100.0%	100.0%	100.0%	100.1%

As previous studies have shown, the highest profitability tends to occur where the greatest clustering seems to create a more attractive package.

Site Characteristics

Lodging Facilities

Ski areas reported lodging capacity both in terms of beds at the base area and within 10 miles. Table 10 summarizes this data. The number of beds at the base ranged from 0 to 35,000.

TABLE 10

SKI AREA LODGING CAPACITY

Number of Beds	At Base		Within 10 Miles	
	Number	%	Number	%
None	59	44.0%	20	14.9%
1 - 149	12	9.0	8	6.0
150 - 299	15	11.2	6	4.5
300 - 599	11	8.2	17	12.7
600 - 1,199	14	10.4	20	14.9
1,200 - 9,999	21	15.7	48	35.8
10,000+	2	1.5	15	11.2
	134	100.0%	134	100.0%

Ski areas with a large number of beds both at the base and within 10 miles continued to enjoy higher utilization and better profitability.

Snowmaking

Snowmaking capability exists at 67 percent of the respondent areas. For areas with snowmaking, the average coverage was 105 acres (down slightly from 107 acres in 1985-86) and average operation was 973 hours in 1986-87, similar to the 974 hours last year.

Terrain

In general, 48 percent of the slopes and trails at ski areas responding are classified intermediate (or more difficult in standard NSAA terminology), while 25 percent are beginner (easiest) and 27 percent expert (most difficult).

Business Characteristics

Site Ownership

Thirty-four percent of the areas responding are all on private land while 66 percent of the areas responding operate on public land. Forty-five percent are under permit from the U.S. Forest Service, while 13 percent lease state land, and 3 percent other public land. The average USFS permittee reports 78.5 percent of slope transport feet on leased land.

Table 11 illustrates the general pattern of site ownership. As would be expected, land ownership is closely associated with geographic location. Areas located wholly on private land are generally found in the East and Midwest, while areas located partially or wholly on public lands are located in the Rockies or the West.

TABLE 11

SITE OWNERSHIP

Ownership	Total Sample	New England	East	Midwest	Rockies	West
All Private	34.3%	50.0%	94.4%	91.7%	5.7%	12.2%
Public USFS Permit	44.8	20.0	0.0	8.3	91.4	46.9
State Land Lease	12.7	30.0	5.6	0.0	0.0	20.4
Canadian Lease	5.2	0.0	0.0	0.0	0.0	14.3
Other	3.0	0.0	0.0	0.0	2.9	6.1
	100.0%	100.0%	100.0%	100.0%	100.1%	99.9%
Base	(134)	(20)	(18)	(12)	(35)	(49)

Real Estate Operations

Fifty-three ski areas (40 percent) responding are engaged in some land development. Interestingly, a larger proportion of eastern areas than western areas report land development activity. See Table 12 and Table 53.

TABLE 12

REAL ESTATE OPERATIONS

	1986-87		1985-86	1984-85
	Number	%	%	%
Engaged in Land Development	53	39.6%	42.7%	38.5%
First Home Residential Sites	24	17.9	18.5	17.1
First Homes	10	7.5	8.9	7.7
Second Home Residential Sites	36	26.9	25.8	26.5
Second Homes	15	11.2	11.3	10.3
Condominium Sites	33	24.6	28.2	31.6
Condominiums	32	23.9	23.4	17.6
Commercial Sites	20	14.9	16.9	15.4
Commercial Buildings	12	9.0	8.9	9.4
Not Engaged in Land Development	81	60.4	57.3	61.5
Base	(134)		(124)	(117)

Operational Characteristics

Years in Operation

The average ski area respondent has been operating for 28 years. Table 13 summarizes ski area age. Three new areas (2.2 percent) have opened within the last five years.

TABLE 13

NUMBER OF YEARS SKI AREAS HAVE BEEN IN OPERATION

Years of Operation	1986-87		1985-86		1984-85	
	Number	%	Number	%	Number	%
1 - 5 years	3	2.2%	4	3.2%	7	5.1%
6 - 10 years	7	5.2	5	4.0	4	3.4
11 - 15 years	15	11.2	13	10.5	9	7.7
16 - 20 years	7	5.2	12	9.7	15	12.8
21 - 25 years	29	21.6	31	25.0	30	25.6
26 - 30 years	26	19.4	18	14.5	21	17.9
31 - 35 years	13	9.7	9	7.3	5	4.3
36 - 40 years	11	8.2	10	8.1	11	9.4
Over 40 years	23	17.2	22	17.7	16	13.7
	134	99.9%	124	100.0%	117	99.9%

Length of Season

The length of the ski season is generally expressed in number of days/nights of operations and is one of the most critical variables in the success of ski areas. When so high a proportion of costs are fixed (i.e., depreciation, interest, property taxes, and management take some 30 percent of total costs) the longer the season the more opportunity to spread these over a greater revenue base.

The 1976-77 survey contained an upgrading of this vital statistic. Respondents were asked to provide their summary of daily operation in four categories: number of days at full operation, number of days with less than full but more than one-half of your mountain open and skiable, number of days with less than half of your mountain open and skiable, and the number of nights of operation. These breakdowns allowed the calculation of "equivalent" days of operation by weighting each response. Equivalent days of operation is the best estimate of the number of equivalent days that the ski area was fully open and skiable, a more accurate measure of capacity.

The past surveys contained an added adjustment to allow for the generally smaller night operations. Nights of operation are affected by the proportion of the ski area covered by lights and thus open for night skiing. In general, those ski areas with night skiing (44 percent) report night skiing capacity at 53 percent of day capacity. This is calculated by taking the average night capacity of 1,659 from Table 90 and dividing it by the skier capacity of 3,139 from Table 83. Thus, while the average ski area with lights was open 68 nights, this amounts to only 15.8 "equivalent days/nights" of full capacity operation.

Table 14 summarizes the various results. Table 15 illustrates the wide variation in actual equivalent operating days. The average ski area had an equivalent season that was 98 percent of actual days open (125 days divided by 127 days).

TABLE 14

DAYS/NIGHTS OF OPERATION

	Equivalent 1986-87		Equivalent 1985-86		Equivalent 1984-85	
	Number	%	Number	%	Number	%
Less than 80	13	9.7%	11	8.9%	15	12.8%
80 - 99	21	15.7	14	11.3	11	9.4
100 - 119	24	17.9	25	20.2	22	18.8
120 - 139	33	24.6	29	23.4	25	21.4
140 - 159	21	15.7	24	19.4	23	19.7
160 and Over	22	16.4	21	16.9	21	17.9
Base	134	100.0%	124	100.1%	117	100.0%

Again, length of season is somewhat positively correlated with profitability as the top half of the profitable areas had a season, based on equivalent days, that was 22 percent greater than the loss areas. Pacific Northwest ski areas again had the longest season, averaging 141 equivalent days/nights (down from last year's 148 days/nights), while the California/Nevada areas had the shortest, 109 days/nights. Only one region, New England, had an increase in days/nights of operation, while the East and Ontario, Midwest, Central Rockies, Northern Rockies, California/Nevada, and Pacific Northwest areas showed decreases. Western Canadian areas were not reported separately last year, so no comparisons can be made.

TABLE 15

ACTUAL VS. EQUIVALENT DAYS OF OPERATION

	Equivalent Days/Nights[a] of Full Operation	Days of Full Operation (100%)	Days of More Than Half (75%)	Days of Less Than Half (25%)	Total Actual Days Open
Average Ski Area	125	88	23	16	127
USFS Permittees	124	97	24	13	134
Profitability:					
Top	135	93	22	21	136
Bottom	125	86	22	16	124
Loss	111	83	25	10	119
Location:					
New England	135	85	25	29	139
East and Ontario	112	56	28	21	106
Midwest	124	61	24	14	98
Central Rockies	125	103	25	14	142
Northern Rockies	125	103	20	8	131
California/Nevada	109	83	23	11	117
Pacific Northwest	141	95	29	11	135
Western Canada	135	106	13	18	138
Type:					
Day	122	78	23	14	116
Weekend	133	94	26	19	138
Vacation	127	103	21	19	143

[a]This figure is the sum of days, open at various capacities, plus equivalent nights of operation.

Ski Area Capacity

The calculation of ski area capacity is a matter of judgment. The 1975-76 study attempted to establish capacity parameters in several ways in order to test various concepts. This procedure has been used in all surveys since. Total lift VTF/hour is used. Ski area operators were also asked to provide their peak day crowd count plus their estimate of their "comfortable" crowd.

The results are tabulated in Table 16. The "calculated capacity" column is based on an assumed average hourly demand in VTF/hour. In prior years the demand used to approximate regional experience was:

Geographic Region	Approximate Demand
New England	1,500 VTF/hour
East	1,500 VTF/hour
Midwest	1,000 VTF/hour
Rockies	2,000 VTF/hour
West and Western Canada	1,500 VTF/hour

This year an approximated demand of 1,500 VTF/hour was used for all areas. Anyone making comparisons with previous years needs to make the above adjustment.

TABLE 16

MEASURES OF SKI AREA CAPACITY

	Peak Day Crowd	Comfortable Crowd	Calculated Capacity	Peak Crowd As % of Calculated Capacity	Comfortable Crowd As % of Calculated Capacity
Total Sample	4,540	4,330	4,910	92%	88%
USFS Permittees	5,413	5,293	6,607	82	80
Profitability:					
Top	5,152	4,637	4,814	107	96
Bottom	4,519	4,063	4,633	98	88
Loss	3,648	4,276	5,485	67	78
Location:					
New England	6,031	5,098	5,641	107	90
East	4,357	3,685	2,627	165	140
Midwest	2,102	2,095	1,215	173	172
Central Rockies	5,554	5,780	7,523	74	77
Northern Rockies	3,232	3,315	4,169	78	80
California/Nevada	6,005	6,065	8,049	75	75
Pacific Northwest	4,990	4,495	4,294	116	105
Western Canada	3,196	3,224	3,965	80	81
Type:					
Day	3,455	3,051	2,962	117	103
Weekend	5,118	5,158	6,063	84	85
Vacation	6,374	6,381	8,118	79	79

An analysis of Table 16 indicates that these assumptions are in general harmony with ski area operator estimates.

The calculated figures have been used in this study to compute season capacity and determine utilization. The average peak day crowds are 92 percent of calculated capacity. The ski area operators' estimated comfortable capacity is 88 percent of calculated capacity.

Skier Visits

Skier visits is the physical measure of use. Table 17 summarizes skier visits reported over the past four ski seasons.

TABLE 17

SKIER VISITS/SEASON

Skier Visits (000)	1986-87 Number	1986-87 %	1985-86 %	1984-85 %	1983-84 %
0 - 24.9	6	4.5%	4.0%	4.3%	6.2%
25 - 49.9	12	9.0	11.3	6.8	9.7
50 - 99.9	25	18.7	20.2	19.7	19.5
100 - 199.9	43	32.1	31.5	35.9	29.2
200 - 499.9	37	27.6	25.0	23.9	26.5
500+	11	8.2	8.1	9.4	8.8
	134	100.1%	100.1%	100.0%	99.9%
Average Skier Visits (000)	210		218	219	214

Growth

The last ten surveys contain a measure of growth. For the eleventh time, the respondents were asked for their skier visit count over the past five years. This year, for the fifth time, respondents were asked for a separate count of day and night skiers. The first part of Table 18 gives the total skier visits (both day and night) reported by the 134 respondents broken down by categories. The second part of the table gives day skier visits and the third part night skier visits for those areas who could provide this breakout.

TABLE 18

GROWTH IN USAGE

		Skier Visits[a]				
	Base	1986-87 (000)	1985-86 (000)	1984-85 (000)	1983-84 (000)	1982-83 (000)
		Total				
Total Sample	(134)	210	203	201	192	185
USFS Permittees	(60)	259	263	274	250	259
By Profitability:						
Top Half	(50)	254	220	205	195	180
Bottom Half	(51)	205	200	200	198	189
Loss	(33)	152	184	194	176	186
By Geographic Region:						
New England	(20)	296	246	206	207	158
East	(18)	171	155	129	151	116
Midwest	(12)	66	72	65	69	55
Central Rockies	(21)	325	308	321	301	299
Northern Rockies	(14)	149	141	147	144	145
California/Nevada	(17)	245	324	341	304	339
Pacific Northwest	(10)	184	149	180	148	158
Western Canada	(22)	157	147	149	132	137
By Type:						
Day	(73)	135	128	135	123	120
Weekend	(26)	239	241	229	222	218
Vacation	(35)	346	333	315	308	293

TABLE 18 (Continued)

GROWTH IN USAGE

	Skier Visits[a]					
	Base	1986-87 (000)	1985-86 (000)	1984-85 (000)	1983-84 (000)	1982-83 (000)
	Day					
Total Sample	(134)	202	197	194	189	181
USFS Permittees	(60)	258	263	271	256	257
By Profitability:						
Top Half	(50)	236	204	191	183	171
Bottom Half	(51)	203	200	201	203	191
Loss	(33)	149	181	188	177	188
By Geographic Region:						
New England	(20)	266	226	190	189	145
East	(18)	140	125	104	123	97
Midwest	(10)	42	47	40	42	33
Central Rockies	(21)	325	308	321	301	299
Northern Rockies	(14)	145	137	141	138	139
California/Nevada	(16)	247	333	347	330	344
Pacific Northwest	(9)	169	134	161	137	138
Western Canada	(20)	157	148	149	140	141
By Type:						
Day	(67)	119	113	121	112	110
Weekend	(26)	222	227	217	209	201
Vacation	(35)	350	337	319	312	296
	Night					
Total Sample	(52)	39	34	35	36	29
USFS Permittees	(14)	30	26	33	35	36
By Profitability:						
Top Half	(23)	47	38	36	41	32
Bottom Half	(20)	43	39	38	42	36
Loss	(9)	13	12	23	14	8
By Geographic Region:						
New England	(7)	85	58	54	56	46
East	(17)	49	46	39	43	33
Midwest	(9)	24	25	24	25	21
Central Rockies	(0)	-	-	-	-	-
Northern Rockies	(4)	16	16	21	20	20
California/Nevada	(4)	24	15	26	24	33
Pacific Northwest	(7)	37	32	39	46	39
Western Canada	(7)	19	18	32	22	4
By Type:						
Day	(38)	39	34	37	39	30
Weekend	(11)	40	32	29	31	27
Vacation	(3)	34	32	28	33	88

[a]Day Skier Visits plus Night Skier Visits will not equal the Total Skier Visits because not all areas provided a day/night breakdown. Night skier visits are only for those areas operating at night who could provide break between day and night skier visits.

The average area in Table 18 reported an increase of 3 percent in skier visits in 1986-87.

The Midwestern and California/Nevada areas experienced decreases in skier visits. Increases in skier visits were reported in the New England, East, Rockies, and Pacific Northwest areas. These regions reporting increases reported their best performance in five years.

Economic Characteristics

Ski Lift Prices

Respondents were asked to list their adult weekday and weekend all day lift ticket prices. These are typically the highest prices quoted because there are discounts for students, children, military, 3, 5 and 7 day packages, promotions, races and senior citizens. Respondents also provided weekday and weekend night ticket prices and season pass rates. Table 19 summarizes these prices and compares prices with actual average lift ticket revenue per skier visit.

TABLE 19

SKI LIFT TICKET PRICES AND
AVERAGE LIFT TICKET REVENUE/SKIER VISIT

	1986-87	1985-86	1984-85	1983-84
Ski Lift Ticket Price:				
Day Weekend	$21.51	$20.37	$18.68	$17.55
Day Weekday	19.80	18.26	17.15	15.97
Night Weekend	12.75	11.46	10.74	9.62
Night Weekday	11.99	11.23	10.21	8.97
Season Pass	382.42	384.94	368.62	348.91
Average Ski Lift Ticket Revenue/S-V	15.89	15.68	14.45	13.61
Realized Revenue Vs. Weekend Day Price	73.9%	77.0%	77.4%	77.5%

Table 20 illustrates the range of ski lift ticket prices. Prices ranged from a low of $12.00 to a high of $35.00. Sixty-one percent of the ski areas responding charged $20 or more for their adult weekend lift tickets.

TABLE 20

ADULT, ALL DAY WEEKEND, SKI LIFT TICKET PRICES

Ticket	1986-87		1985-86	1984-85	1983-84	1982-83
Price	Number	%	%	%	%	%
Less than $10	0	- %	- %	- %	- %	2.5%
$10.00 - 11.99	0	-	1.6	0.9	4.4	5.1
$12.00 - 13.99	3	2.2	2.4	6.0	6.2	9.3
$14.00 - 15.99	12	8.9	10.5	14.5	17.7	25.4
$16.00 - 17.99	14	10.4	12.1	20.5	24.8	19.5
$18.00 - 19.99	23	17.2	18.5	17.1	15.9	20.3
$20.00 - 21.99	17	12.7	13.7	18.8	18.6	8.5
$22.00 - 23.99	16	11.9	14.5	10.3	7.1	7.6
$24.00 - 25.99	21	15.7	13.7	6.0		
$26.00 - 27.99	15	11.2	8.9	3.4	5.3	1.7
$28.00 - 29.99	8	6.0	4.0	2.6		
$30.00 - 31.99	4	3.0				
Over $32.00	1	0.7				
	134	99.9%	99.9%	100.1%	100.0%	99.9%

Profits

Eighty-three (62 percent) of the 134 ski areas reported profits in 1986-87 compared to 58 percent in 1985-86. Chapter V provides a complete analysis of profitability and its probable causes. Table 21 summarizes dollar returns.

TABLE 21

DOLLARS OF PROFIT (BEFORE TAX)

	1986-87		1985-86	1984-85	1983-84	1982-83
Profit (000)	Number	%	%	%	%	%
Loss	51	38.1%	41.9%	34.2%	36.3%	53.4%
$0 - 24.9	2	1.5	4.0	6.8	4.4	5.1
$25 - 49.9	4	3.0	4.8	1.7	0.9	2.5
$50 - 99.9	9	6.7	3.2	5.1	5.3	5.1
$100 - 149.9	4	3.0	5.6	3.4	6.2	2.5
$150 - 249.9	17	12.7	5.6	10.3	7.1	3.4
$250 - 349.9	4	3.0	6.5	5.1	8.0	6.8
$350 - 999.9	18	13.4	11.3	16.2	17.7	10.2
$1,000 - 1,999.9	14	10.4	11.3	9.4	8.8	5.1
$2,000 - 9,999.9	11	8.2	5.6	7.7	5.3	5.9
$10,000+	0	0.0	0.0	0.0	0.0	0.0
	134	100.0%	99.8%	99.9%	100.0%	100.0%

Non-Skiing Activities

Table 22 summarizes the variety and extent of other recreational activities offered at ski areas and describes the activities that are offered near the ski area. Ski touring is the most prevalent activity at the area. Swimming and tennis follow at the area. Snowmobiles rank first nearby, followed by golf, tennis, swimming, ice skating, ski touring, and water sports.

TABLE 22

OTHER ACTIVITIES AVAILABLE AT SKI AREAS AND NEARBY

Activity	Total Sample	Day	Weekend	Vacation
	Areas Offering Activity			
Toboggans/sleds	4.5%	0.0%	7.7%	11.4%
Snowmobiles	3.0	0.0	3.8	8.6
Ice skating	10.4	4.1	7.7	25.7
Ski touring	43.3	32.9	53.8	57.1
Golf	16.4	2.7	26.9	37.1
Tennis	31.3	13.7	38.5	62.9
Swimming	34.3	16.4	46.2	62.9
Water sports	11.2	6.8	11.5	20.0
Summer slide	9.7	5.5	11.5	17.1
Other	19.4	9.6	23.1	37.1
	Activity Offered Nearby			
Toboggans/sleds	43.3%	47.9%	42.3%	34.3%
Snowmobiles	65.7	65.8	69.2	62.9
Ice skating	56.7	50.7	73.1	57.1
Ski touring	53.0	56.2	46.2	51.4
Golf	64.9	65.8	65.4	62.9
Tennis	58.2	60.3	57.7	54.3
Swimming	58.2	60.3	61.5	51.4
Water sports	50.7	53.4	50.0	45.7
Summer slide	22.4	16.4	30.8	28.6
Other	16.4	12.3	19.2	22.9

For the fifth time, respondents were asked to provide information about computer usage at their ski areas (Table 23). Ninety percent of the 1986-87 respondents reported use of a computer. The most popular applications continue to be accounts payable, payroll, and accounts receivable. Popular answers reported under other were general ledger, financial statements, mailing lists, word processing, reservations, inventory, budgets and snowmaking.

Fifty-four different brands or models were mentioned in 1986-87. Several areas also reported using more than one computer. The top computers mentioned were IBM S36 (10.4 percent), IBM PC (10.4 percent), IBM S34 (7.5 percent), and Apple III (2.2 percent).

TABLE 23

COMPUTER USE AND APPLICATIONS

	1986-87		1985-86	
	Number	%	Number	%
Use a computer	120	89.6%	112	90.3%
No computer use	14	10.4	12	9.7
	134	100.0%	124	100.0%
Own computer	109	90.8%	100	89.3%
Timeshare computer	6	5.0	7	6.3
Lease	0	0.0	1	0.9
No answer	5	4.2	4	3.6
	120	100.0%	112	100.1%
		Percent of Users		Percent of Users
Applications:				
Payroll	88	73.3%	82	73.2%
Accounts receivable	84	70.0	65	58.0
Accounts payable	98	81.7	84	75.0
Forecasting	69	57.5	56	50.0
Market research	35	29.2	38	33.9
Ticket sales	51	42.5	48	42.9
Other	81	67.5	75	67.0
Base	(120)		(112)	

III

SKI AREA FINANCIAL DATA

Introduction

Each ski area was asked to provide the following financial data on their 1986-87 season: (1) income statement, (2) departmental revenue and expense, and (3) balance sheet. From this information average area financial statements were developed to measure the industry's financial performance. The data summarized here for the 1986-87 season represents 134 ski areas that provided complete usable data representing 12 months of income and expenses. These 134 areas represent an increase from the 124 completely usable questionnaires for 1985-86.

The 134 ski areas represent approximately 52 percent of the skier visits in North America. If this relationship were to hold for the balance of the skier visits, then the ski area business in the United States has an investment of some $2.8 billion, processes revenues of $1.6 billion, and has an annual payroll of $335 million.

This chapter first presents the average income statement (Table 24) and the average area lift and revenue expense statement (Table 25) in the traditional format of previous reports. This is followed by an extensive analysis of the income statement in a non-traditional way which the authors believe will be more meaningful to ski area operators. Readers will note that the data are the same except for the revenue figure which has been adjusted because of concession operations to make the data more comparable. Also, this more extensive analysis includes a separate column on the 60 areas in the study operating with a USFS permit.

Average Ski Area Income Statements

Table 26 is the composite-average income statement referred to above. The format is somewhat non-typical due to the varying practices of ski area operators. Total revenue is the total of gross lift department revenue plus gross margin or contributions from all other departments. It is believed that in this manner one can more fairly combine ski areas that have only some of the supporting operations with those who concession them, and thus report only net concession revenue, and those who operate their own schools, shops, restaurants, and real estate business. Details of these supporting operations may be found in Chapter VI.

Table 27 is a summary of gross revenue, concession revenue and direct operating costs. It is included to illustrate how the supporting margins were calculated. The breakdowns shown in Chapter VI are much more accurate for illustrating typical departmental cash flows, since Table 27 includes all areas in the average including those who do not operate such a department. While they are statistically accurate they are non-typical.

TABLE 24

AVERAGE AREA INCOME STATEMENT (000)

	1986-87 Total	1986-87 Season Percent	1985-86 Total	1985-86 Season Percent	1984-85 Season Percent	1983-84 Season Percent
Revenue	$6,263	100.0%	$6,780	100.0%	100.0%	100.0%
Direct Expense						
Direct Labor[a]	$1,300	20.8%	$1,403	20.7%	20.0%	20.8%
Other Direct Expenses[b]	2,016	32.2	2,478	36.5	34.0	34.0
Total Direct Expenses	$3,316	53.0%	$3,881	57.2%	54.0%	54.8%
Gross Margin	$2,947	47.0%	$2,899	42.8%	46.0%	45.2%
Other Expenses						
General & Administrative	$ 683	10.9%	$ 733	10.8%	11.1%	11.3%
Marketing	344	5.5	340	5.0	4.6	4.3
Insurance	349	5.6	278	4.1	2.5	2.2
Forest Service Fees	81	1.3	97	1.4	1.2	1.3
Private Land Rental	12	0.2	14	0.2	0.4	0.4
Property & Other Taxes	102	1.6	124	1.8	2.3	2.3
Interest	421	6.7	445	6.6	6.4	7.2
Depreciation	693	11.1	692	10.3	10.7	10.6
Miscellaneous Expense	142	2.2%	71	1.1	2.0	0.6
Total Other Expense	$2,827	45.1%	$2,794	41.3%	41.2%	40.2%
Pre-Tax Profit (Loss)	$ 120	1.9%	$ 105	1.5%	4.8%	5.0%
Base	(134)		(124)		(117)	(113)

[a]Includes direct labor and snowmaking labor.

[b]Includes cost of goods sold, payroll taxes, property operations, snow removal, snowmaking (except labor) and other direct.

TABLE 25

AVERAGE AREA LIFT REVENUE AND EXPENSE (000)

	1986-87 Total	1986-87 Season Percent	1985-86 Total	1985-86 Season Percent	1984-83 Season Percent	1983-84 Season Percent
Lift Revenue						
Winter	$3,340	98.6%	$3,420	98.6%	99.1%	99.1%
Summer	46	1.4	48	1.4	0.9	0.9
Total	$3,386	100.0%	$3,468	100.0%	100.0%	100.0%
Lift Expense						
Direct Labor (Winter)[a]						
Lift	$ 173	5.1%	$ 198	5.7%	5.7%	6.0%
Ski Patrol	87	2.6	91	2.6	2.8	3.0
Slope Maintenance	70	2.1	74	2.1	2.2	2.4
Maintenance & Repair	107	3.2	124	3.6	3.1	3.7
Ticket Sales	41	1.2	42	1.2	1.2	1.3
Other	42	1.2	50	1.4	1.2	1.2
Total (Winter)	$ 520	15.4%	$ 579	16.6%	16.2%	17.5%
Direct Labor (Summer)	$ 32	0.9%	$ 27	0.8%	0.5%	0.7%
Other Direct Expense	$ 464	13.6%	$ 484	14.0%	12.8%	12.1%
Gross Margin - Lifts	$2,370	70.1%	$2,378	68.6%	70.5%	69.7%
Base	(134)		(124)		(117)	(113)

[a]Does not include payroll taxes.

TABLE 26

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT

	1986-87 Total (000)	1985-86 Total (000)	% Change	USFS Permittees	Your Ski Area
Gross Fixed Assets	$10,976	$10,488	4.7%	$13,400	$_____
Revenue:					
Ski Lift Gross - Winter	$ 3,340	$ 3,420		$ 4,256	$_____
Ski Lift Gross - Summer	48	48		60	_____
Supporting Margin - Winter	763	747		718	_____
Supporting Margin - Summer	58	58		(2)	_____
Year Round Margin	129	132		111	_____
TOTAL REVENUE	$ 4,338	$ 4,405	- 1.5%	$ 5,143	$_____
Less:					
Ski Lift Direct Expense	$ 907	$ 990		$ 1,199	$_____
Ski Lift Payroll Taxes	109	100		168	_____
Property Operation	201	244		215	_____
OPERATIONS MARGIN	$ 3,121	$ 3,071	1.6%	$ 3,561	$_____
Less:					
General & Administrative	$ 683	$ 733		$ 927	$_____
Marketing (advertising, public relations, promotion, etc.)	344	340		399	_____
Insurance (property, liability)	349	278		436	_____
Land Use Fees (public)	81	97		132	_____
Land Use Fees (private)	12	14		10	_____
Property Taxes	75	75		98	_____
Other Taxes (except income)	26	49		14	_____
Snowmaking	159	158		127	_____
Snow Removal	15	14		14	_____
Miscellaneous	143	71		145	_____
Depreciation & Amortization	693	692		939	_____
OPERATING PROFIT (LOSS)	$ 541	$ 550	- 1.6%	$ 320	$_____
Less: Interest	421	445		453	_____
PROFIT (LOSS) BEFORE TAX	$ 120	$ 105	14.3%	$ (133)	$_____
Base	(134)	(124)		(60)	

TABLE 27

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
1986-87

	Plus:		Less:				Equals:
	Gross Sales (000)	Concession Revenue (000)	Cost of Goods Sold (000)	Direct Labor (000)	Direct Other (000)	Payroll Taxes (000)	Gross Margin (000)
WINTER SEASON							
Ski Lift Dept.	$3,340	$ -	$ -	$ 520	$324	$103	$2,393
Ski School	352	3	-	167	26	36	126
Food Service	596	16	201	156	67	27	161
Bar	174	6	47	31	17	4	81
Retail	254	16	133	26	11	5	95
Rental	248	11	31[a]	44	14	8	162
Accommodations	256	1	-	69	75	13	100
Other	121	5	7	42	29	10	38
Sub-total	$5,341	$58	$419	$1,055	$563	$206	$3,156
YEAR-ROUND							
Real Estate	$ 341	$ 1	$194	$ 27	$ 45	$ 4	$ 72
Utility	33	0	-	14	23	4	(8)
Miscellaneous	98	0	3	7	18	5	65
Sub-total	$ 472	$ 1	$197	$ 48	$ 86	$ 13	$ 129
SUMMER SEASON							
Lift Department	$ 48	$ -	$ -	$ 32	$ 31	$ 7	$ (22)
Food Service	122	0	44	51	19	8	0
Retail	26	3	15	6	3	1	4
Sports	41	0	1	15	13	3	9
Accommodations	93	0	-	33	28	6	26
Slide	33	0	0	9	3	2	19
Other	26	1	4	10	11	2	0
Sub-total	$ 389	$ 4	$ 64	$ 156	$108	$ 29	$ 36
TOTALS	$6,202	$63	$680	$1,259	$757	$248	$3,321
Base	(134)	(134)	(134)	(134)	(134)	(134)	(134)

[a]Represents retirement and replacement of rental equipment.

This format also differs slightly by showing an "operating profit (loss)" before subtracting interest expense. It is believed that this figure compared to gross fixed assets is one of the best overall measures of industry profitability. Interest expense varies from zero to $3.3 million, and while it is a critical and significant cost of doing business it is also viewed as a part of the cost of capital. Some areas are subsidiaries of larger corporations, some beneficiaries of public funding, and many carry an added burden of past operating losses. A fair assessment of current operations requires both an analysis of before tax and before interest return on GFA, and profit as a percent of equity.

Tables 28 and 29 provide comparisons between expenses, revenues and investment (Gross Fixed Assets). One generally uniform factor involves the depreciation to Gross Fixed Assets of around 7 percent, or 15 years average life.

Revenue

Average revenue as shown in Table 26 was down 1.5 percent. A check of the 1986-87 results using the revenue to GFA vs. utilization rule developed in the 1974-75 report shows the following:

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	40%	÷	33%	=	1.21	Good
Top Half Profit	57%	÷	39%	=	1.46	Excellent
Bottom Half Profit	39%	÷	34%	=	1.15	Good
Loss	23%	÷	23%	=	1.00	Poor

This rule of thumb measure summarizes all of the critical economic variables (capacity, utilization, length of season, revenue per skier visit) and relates them to investment. When the revenue/GFA ratio exceeds utilization, the various factors are in balance. When utilization exceeds the revenue/GFA ratio one or more factors are impairing a ski area's ability to make profits commensurate with the risks. This factor analysis is derived from the income potential to capital cost (GFA) ratio used to evaluate the conceptual feasibility of a new or expanded ski area.

TABLE 28

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF REVENUE

	1986-87 Total	1985-86 Total	1986-87 USFS Permittees	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	77.0%	77.6%	82.8%	_____%
Ski Lift Gross - Summer	1.1	1.1	1.2	_____
Supporting Margin - Winter	17.6	17.0	13.9	_____
Supporting Margin - Summer	1.3	1.3	0.0	_____
Year Round Margin	3.0	3.0	2.1	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100%
Less:				
Ski Lift Direct Expense	20.9%	22.5%	23.3%	_____%
Payroll Taxes	2.5	2.3	3.3	_____
Property Operation	4.7	5.5	4.2	_____
OPERATIONS MARGIN	71.9%	69.7%	69.2%	_____%
Less:				
General & Administrative	15.7%	16.6%	18.0%	_____%
Marketing (advertising, public relations, promotion, etc.)	7.9	7.7	7.8	_____
Insurance (property, liability)	8.0	6.3	8.5	_____
Land Use Fees (public)	1.9	2.2	2.6	_____
Land Use Fees (private)	0.3	0.3	0.2	_____
Property Taxes	1.7	1.7	1.9	_____
Other Taxes (except income)	0.6	1.1	0.3	_____
Snowmaking	3.7	3.6	2.5	_____
Snow Removal	0.3	0.3	0.3	_____
Miscellaneous	3.3	1.7	2.7	_____
Depreciation & Amortization	16.0	15.7	18.2	_____
OPERATING PROFIT (LOSS)	12.5%	12.5%	6.2%	_____%
Less: Interest	9.7	10.1	8.8	_____
PROFIT (LOSS) BEFORE TAX	2.8%	2.4%	(2.6)%	_____%
Base	(134)	(124)	(60)	

TABLE 29

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
PERCENT OF GROSS FIXED ASSETS

	1986-87 Total	1985-86 Total	1986-87 USFS Permittees	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	30.4%	32.6%	31.8%	_____%
Ski Lift Gross - Summer	0.4	0.5	0.5	_____
Supporting Margin - Winter	7.0	7.1	5.4	_____
Supporting Margin - Summer	0.5	0.6	0.0	_____
Year Round Margin	1.2	1.2	0.7	_____
TOTAL REVENUE	39.5%	42.0%	38.4%	_____%
Less:				
Ski Lift Direct Expense	8.3%	9.4%	8.9%	_____%
Payroll Taxes	1.0	1.0	1.3	_____
Property Operation	1.8	2.3	1.6	_____
OPERATIONS MARGIN	28.4%	29.3%	26.6%	_____%
Less:				
General & Administrative	6.2%	7.0%	6.9%	_____%
Marketing (advertising, public relations, promotion, etc.)	3.1	3.2	3.0	_____
Insurance (property, liability)	3.2	2.7	3.3	_____
Land Use Fees (public)	0.7	0.9	1.0	_____
Land Use Fees (private)	0.1	0.1	0.1	_____
Property Taxes	0.7	0.7	0.7	_____
Other Taxes (except income)	0.3	0.5	0.1	_____
Snowmaking	1.4	1.5	0.9	_____
Snow Removal	0.1	0.1	0.1	_____
Miscellaneous	1.4	0.8	1.1	_____
Depreciation & Amortization	6.3	6.6	7.0	_____
OPERATING PROFIT (LOSS)	4.9%	5.2%	2.4%	_____%
Less: Interest	3.8	4.2	3.4	_____
PROFIT (LOSS) BEFORE TAX	1.1%	1.0%	(1.0)%	_____%
Base	(134)	(124)	(60)	

The 1986-87 ratio of revenue to GFA (40 percent) is a slight decline from the 1985-86 figure of 42 percent. This subject is discussed in more detail in Chapter V.

Expenses

Direct operating expenses (ski lift direct expense, ski lift payroll taxes, and property operation) were down 9 percent. (See Table 26.)

Balance Sheet

Balance sheet data is summarized in Table 30. The basic balance sheet data remained unchanged. Working capital is adequate and the current ratio is an adequate 1.4/1.

Table 31 summarizes the traditional measures of business health.

TABLE 30

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET

	1986-87 (000)	Total Percent	1985-86 (000)	Total Percent	USFS Permittees (000)
Assets					
Current Assets	$ 1,542	15.1%	$ 1,909	17.6%	$ 1,441
Gross Fixed Assets	11,221	109.8	10,899	100.3	13,808
Less: Depreciation	(4,412)	(43.2)	(3,993)	(36.8)	(5,647)
Other Assets	1,873	18.3	2,049	18.9	2,635
TOTAL ASSETS	$10,224	100.0%	$10,864	100.0%	$12,226
Liabilities & Net Worth					
Current Liabilities	$ 1,109	10.8%	$ 1,574	14.5%	$ 1,207
Long-Term Debt	3,795	37.1	4,014	36.9	4,645
Subordinated Debt	879	8.6	797	7.3	1,081
Deferred Taxes	228	2.2	170	1.6	97
Other Liabilities	404	4.0	561	5.2	216
Net Worth					
Invested	2,979	29.1	2,326	21.4	3,401
Retained Earnings	854	8.4	1,422	13.1	1,618
Less: Treasury Stock	(24)	(0.2)			(39)
TOTAL LIABILITIES & NET WORTH	$10,224	100.0%	$10,864	100.0%	$12,226
Base	(126)		(117)		(58)

TABLE 31

BALANCE SHEET RATIOS

	1986-87	1985-86	1984-85	1983-84
Net Working Capital (000)	$433	$335	$382	$ (52)
Current Ratio	1.4/1	1.2/1	1.3/1	1.0/1
Percent Debt	63%	66%	64%	62%
Percent Equity	37%	34%	36%	38%
Debt to Cash Flow	5.7X	6.0X	4.3X	4.2X

U.S. Forest Service Permittees

Again, the 1986-87 study contained a separate computer run for the 60 ski areas operating with a USFS special use permit.

The average profile differs mainly in geographic location, size and length of season. The economic characteristics and financial performance indicators are fairly similar to other areas. USFS permittees are found mainly in the Rockies and the West, and they are more heavily represented among the vacation destination ski areas at some distance from population centers.

IV

ECONOMIC RATIOS

The 1973-74 study introduced the economic ratios contained in this chapter. The objective was to identify and summarize three measures of profitability and five critical variables that help to explain performance.

The reader is again cautioned to review the precise definitions of terms contained in Appendix C. There are a myriad of different methods of measuring profitability and performance. These eight critical economic ratios were developed by Ted Farwell, a member of the NSAA Economic Study Committee. They are not purported to be the only system, but rather to be one simple method of analyzing operating results.

Table 32 summarizes the eight critical ratios and illustrates the data required to construct each ratio. The source of these figures are Tables 26 and 30. There are similar tables in the subsequent chapters presenting the eight critical variables divided by various meaningful categories of profitability, geographic region, size, type, days of operation, and snowmaking and night operations.

This year separate utilization percentages are reported for day and night. This is in addition to the figure that has always been reported: Average Utilization. The data reported for day utilization and night utilization is based on information reported by those areas that could provide a break between day and night skier visits.

How to Calculate the Ratios

1. Debt to cash flow is a rough measure of the number of years that will be required at this cash flow to retire debt. This ratio is calculated by dividing the total long-term debt (M) (not including current liabilities) by the before-tax cash flow (I). Before-tax cash flow is calculated by adding back the non-cash expense of depreciation (H) to the profit (loss) before tax (G).

2. Operating profit on GFA is, in our opinion, the major ratio to describe profitability. Since it is a ratio before financing costs it allows for the comparison of operating results between areas with conservative management and minimum debt, and those with maximum leverage. It also eliminates the swings in profitability occasioned by the accumulation of several years of losses into the balance sheet. This ratio is calculated by dividing the operating profit (J) by gross fixed assets (L). Operating profit is calculated before interest expense.

3. Profit (before tax) on equity is the second measure of profitability and is the closest one can come to the traditional "return on equity" measure of business profitability. Traditional measures are in "after tax" returns. However, two characteristics of the ski industry make after tax calculations next to meaningless.

TABLE 32

ECONOMIC RATIOS

	Construction Key	Total 1986-87	Total 1985-86	Percent Change	USFS Permittees	Your Ski Area
VTF/Hour (000)	A	7,366	7,229		9,911	_____
VTF/Hour - Demand/Skier Capacity	B	1,500	1,608		1,500	_____
Skier Capacity	C	4,910	4,497		6,607	_____
Days/Nights of Operation	D	125	129		124	_____
Season Capacity (000)	E	638	634		857	_____
Day Season Capacity (000)		592	582		824	_____
Night Season Capacity (000)		104	123		124	_____
Actual Skier Visits (000)	F	210	218	- 3.7%	259	_____
Day Skier Visits (000)		202	208		258	_____
Night Skier Visits (000)		39	36		30	_____
Profit (Loss) Before Tax (000)	G	$ 120	$ 105	14.3%	$ (133)	$_____
Plus: Depreciation (000)	H	$ 693	$ 692		$ 939	$_____
Before Tax Cash Flow (000)	I	$ 813	$ 797		$ 806	$_____
Operating Profit (Loss) (000)	J	$ 541	$ 550	- 1.6%	$ 320	$_____
Cash Operating Costs (000)	K	$ 3,104	$ 3,163		$ 3,884	$_____
Gross Fixed Assets (000)	L	$10,976	$10,488		$13,400	$_____
Long Term Debt (000)	M	$ 4,674	$ 4,811		$ 5,726	$_____
Equity (000)	N	$ 3,809	$ 3,748		$ 4,980	$_____
Critical Ratios						
1. Health (Debt to Cash Flow)		5.7X	6.0X		7.1X	_____ X
Profitability:						
2. Operating Profit on GFA		4.9%	5.2%	- 5.8%	2.4%	_____ %
3. Profit (BT) on Equity		3.2%	2.8%	14.3%	Loss	_____ %
Performance:						
4. Average Utilization		32.9%	34.4%		30.2%	_____ %
Day Utilization		34.1%	35.7%		31.3%	_____ %
Night Utilization		15.4%	29.3%		24.2%	_____ %
5. Days/Nights of Operation		125	129		124	_____

TABLE 32 (Continued)

ECONOMIC RATIOS

	Construction Key	Total 1986-87	Total 1985-86	Percent Change	USFS Permittees	Your Ski Area
Policy and Planning:						
6. Capital/Capacity Ratio		$2,235	$2,332		$2,028	$_____
7. Operating Cost/Capacity Ratio		$ 4.87	$ 4.99	- 2.4%	$ 4.53	$_____
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		$15.89	$15.68	1.3%	$16.41	$_____
Ski School Margin		$ .60	$ .61		$ .54	$_____
Food Service Margin		$ .77	$ .68		$ .61	$_____
Bar Margin		$ .38	$ .38		$ .29	$_____
Ski Shop Margin		$ .45	$ .41		$ .39	$_____
Ski Rental Margin		$ .77	$ .71		$ .53	$_____
Other Margin		$ .18	$ .24		$ .22	$_____
8. Total - Revenue/Skier Visit		$19.04	$18.71	1.8%	$18.99	$_____
Base		(134)	(124)		(60)	

a. Many ski areas are subsidiaries of larger corporations and the tax consequences of their ski area profits (losses) are lost in the consolidation.

b. Many ski areas have loss-carry-forward balances to offset current profits and their current taxes would not reflect normal operations.

In general, the reader seeking the comparable "after tax" return may approximate this by cutting the before tax figure in half (considering both Federal and state income tax liabilities).

This ratio is calculated by dividing profit (loss) before tax (G) by equity (N). Equity includes the invested capital and retained earnings less treasury stock. The reader should be aware of the fact that because of the areas' accumulated losses, 32 percent of the respondents reported negative retained earnings and 16 percent showed no invested capital.

4. Average utilization measures actual skier visits as a percent of capacity skier visits. Capacity skier visits (E) is the product of each individual ski area's calculated capacity times its equivalent days/nights of operation. The 1975-76 survey included a more meaningful estimate of capacity since respondents reported the number of days when all ski lifts were open plus the number of days when operations were limited due to lack of snow cover or other capacity limiting factors. The 1976-77 survey included nights of operation. The 1977-78 survey incorporated both of these refinements. Actual days/nights of operation were thus adjusted downward to create "equivalent" day/nights of operation. Please note that average skier capacity (C) times days of operation (D) will not equal season capacity (E). This is because season capacity (E) is the sum of all 134 areas' season capacity and is, of course, weighted by both the larger areas and those with longer seasons.

Average utilization is calculated by dividing actual skier visits (F) by computed season capacity (E). Utilization is expressed as a percent of available season capacity.

5. Days/nights of operation are the equivalent days and nights that ski areas were open and operating. Theoretically, when computing season capacity, one assumes that all lifts and trails are open each operating period or at least each area is capable of handling the "comfortable capacity" crowd each period that they are operating. All studies since 1975-76 adjust for this factor by computing equivalent days/nights of operation. Days/nights of operation were selected as one of eight critical variables to highlight their important effect on profitability.

6. The capital cost/capacity ratio is designed to provide a relative measure of a ski area's site, design and construction attributes. This ratio is calculated by dividing the GFA (L) by the daily, calculated skier capacity (C). The rationale for obtaining a skier capacity measure was discussed earlier and judgments may be evaluated by referring to Table 16.

7. The operating cost/capacity ratio is designed as a comparable method of measuring operating cost efficiency. This measure reduces all the cash operating costs (excluding depreciation and interest) to a common denominator. It is calculated by dividing cash operating costs (K) by season capacity (E). Costs are thus reduced to the cost of providing one skier of capacity for one equivalent day/night of operation. In general, ski areas with a higher than average cash operating cost/season capacity ratio in its appropriate size, location or operating days category may well benefit by taking a close look at expenses.

8. Total revenue/skier is a measure of the actual revenue received by the ski area from each skier each day. The definition is very important to assess the usefulness of this measure. Revenue includes gross revenue from ski lift ticket sales, plus the margin or contribution from the other typical supporting services. This method was selected in order to equate ski areas who concession some or all of these supporting service operations, and thus report only a concession fee, with those who operate each service as a department.

   This index is calculated by dividing revenues by skier visits; however, this measure does not use either accommodations, year round or summer revenue as they don't relate directly to skier visits.

What the Ratios Mean

1. Ski Industry Health (Debt to Cash Flow): In 1986-87 the ski industry slightly improved its ability to retire debt. Average debt obligations are 5.7 times the before tax cash flow. Assuming income taxes are 50 percent of income before tax, cash flows are adequate to retire debt in approximately 6.2 years.

2. Ski Industry Profitability: Operating profit as a percent of Gross Fixed Assets is 4.9 percent. This is a decrease from last year's 5.2 percent.

   Profit before tax on equity is at 3.2 percent, up from last year's 2.8 percent, but below 1984-85's rate of 8.7 percent.

3. Ski Industry Performance: Average skier visits were down by almost 4 percent.

4. Policy and Planning Ratio: The two cost/capacity ratios measure design and operating efficiency. The benchmarks established by the total sample should be attainable and probably represent an adequate norm. The capital cost/capacity ratio must be adjusted upward by an appropriate inflation index to be used for current new construction planning.

   The daily cash operating cost/capacity ratio at $4.87 is down from 1985-86's $4.99 index but above the $4.82 recorded in 1984-85. The change by category looks like this:

	Cash Cost/Season Capacity		
	1986-87	1985-86	Change
Ski Lift Direct	$1.42	$1.55	Down 8%
Payroll Taxes	.17	.16	Up 6%
Property Operation	.32	.30	Up 7%
Snowmaking and Snow Removal	.27	.27	No change
General & Administrative, & Miscellaneous	1.29	1.26	Up 2%
Marketing	.54	.54	No change
Insurance	.55	.44	Up 25%
Land Use Fees	.15	.18	Down 17%
Property Taxes	.12	.12	No change
Other Taxes	.04	.08	Down 50%
	$4.87	$4.99	

5. Revenue per skier visit: The 1986-87 revenue per skier visit was up 2 percent to $19.04. Overall margins were mixed with ski school and other declining, bar staying the same, and food, ski shop and rental increasing. Additional analysis is presented in Chapter VI.

TABLE 33

REVENUE PER SKIER VISIT

	1986-87	1985-86	1984-85	1983-84
Ski Lift Gross	$15.89	$15.68	$14.45	$13.61
Ski School Margin	.60	.61	.53	.43
Food Service Margin	.77	.68	.56	.54
Bar Margin	.38	.38	.37	.28
Ski Shop Margin	.45	.41	.38	.34
Rental Margin	.77	.71	.61	.55
Other Margin	.18	.24	.11	(.02)
	$19.04	$18.71	$17.01	$15.73
Base	(134)	(124)	(117)	(113)

V

PROFITABILITY

The 1986-87 ski season recorded operating profits that were up from 1985-86 in dollar amount and more ski areas showed operating profits. Operating profit on Gross Fixed Assets was 4.9 percent for the average ski area in the study (down from 5.2 percent in 1985-86), 17.2 percent for the top half of the profitable ski areas and 4.4 percent for the bottom half.

This chapter makes a comprehensive analysis of profitability, its probable causes, current trends, and proposed solutions. Data are presented in three categories, those in the top half of the profitable areas, those in the bottom half of the profitable areas, and those recording losses. Again the reader is urged to read the definitions of profitability used carefully because this chapter treats profitability in a non-typical, but hopefully more meaningful way. The definition is operating profit and results in 101 areas with an operating profit rather than 83 using profit before income taxes and 33 areas with a loss rather than the 51 using profit before income taxes. However, this analysis permits a number of additional meaningful comparisons to be made, especially when they have varying capital structures. Due to the large number of tables presented, the majority will be found at the end of the chapter.

The proportion of ski areas showing operating profits increased from 1985-86. Table 34 summarizes six profit indicators.

TABLE 34

HISTORICAL COMPARATIVE MEASURES OF PROFITABILITY

	1986-87	1985-86	1984-85	1983-84
Ski Areas Reporting Operating Profits	75.4%	70.2%	76.9%	73.5%
Operating Profit on GFA	4.9	5.2	7.1	7.7
Profit (BT) on Equity	3.2	2.8	8.7	8.4
Profit (BT) on GFA	1.1	1.0	3.0	3.2
Profit (BT) on Revenue	2.8	2.4	7.0	7.5
Profit (BT) in Dollars (000)	$120	$105	$296	$290
Base	(134)	(124)	(117)	(113)

This chapter isolates both the physical and economic characteristics of profitable areas and compares them with those recording losses to see if any significant insights can be provided. Table 35 presents a summary of the ski area characteristics divided into three categories of profitability. Tables 36 through 39 contain income statement and balance sheet data in these three categories. The 101 profitable ski areas were considered profitable based upon their ability to show an operating profit (i.e., before subtracting interest). Eighteen of these profitable areas did record losses after subtracting interest costs. The top half were selected based upon their return to GFA (i.e., as opposed to dollar amount of profits). Table 40 contains the critical economic ratios.

The past reports contained an analysis of the five most telling characteristics of the most profitable ski areas, the loss ski areas, and the three distinguishing characteristics of the bottom profit ski areas. In this report these past characteristics will be evaluated against current findings to evaluate progress or slippage.

Characteristics of the Top Half of the Profitable Ski Areas

The same five characteristics as in past studies are identified as the probable causes for higher profitability.

Probable Cause	Measure	Index[a]
1. Equivalent Days/Nights	135 days/nights	1.08
2. Revenue/Skier Visit	$19.66	1.03
3. Capital Cost/Capacity Ratio	$2,056	.92
4. Size (VTF/Hour) (000)	7,221	.98
5. Available Beds	5,333	.88
Resulting Effect	**Measure**	**Index[a]**
Average Utilization	39.3%	1.19
Operating Profit (000)	$1,704	3.15
Operating Profit on GFA	17.2%	3.51

[a]The index represents the relationship of this measure to the average ski area measure.

On all measures the top profit ski areas performed better than the average ski area in 1986-87.

None of the factors alone fully explain the better profitability; however, each favorable factor has a small effect, and together they can effect profits dramatically.

1. Length of Season: Typically the top profit ski areas enjoy a relatively longer season. The 50 top profit ski areas recorded 135 "equivalent" days/nights of operation, which was 8 percent above the average and 22 percent above the loss areas. These 135 days/nights were 1 percent above the 134 "equivalent" days/nights recorded in 1985-86. The favorable season length helped keep the top profit areas relatively profitable. Its effect is shown in Chapter VIII (Table 76) where the 11 ski areas that operated 160 days and over recorded a 9.0 percent operating profit on gross fixed assets, while the 18 areas opened less than 80 days reported a 5.6 percent operating profit on gross fixed assets.

2. Revenue Per Skier Visit: Normally, the most profitable ski areas also have the highest average revenue per skier visit. However, in 1986-87 the loss areas reported a slightly higher average revenue per skier visit. The 1986-87 revenue per skier visit increased 6 percent for the loss areas from 1985-86, decreased 1 percent for the top profit areas, and increased 4 percent for the bottom profit areas.

3. Capital Cost/Capacity Ratio: The top half profit areas were below the industry average, while the loss ski areas were well above the average Capital Cost/Capacity ratio in 1986-87.

4. Type and Size of Area: The most profitable ski areas are found again to be the areas with a larger number of equivalent days/nights of operation. However, unlike the past, the most profitable areas were not the largest areas.

Characteristics of the Bottom Half of the Profitable Ski Areas

The major reason for the lower profitability reported by the bottom half of the profitable ski areas is a lower utilization rate and lower revenue per skier visit compared to the top half of the profitable areas; however, the cause is not readily apparent. These areas also had a slightly shorter operating season, were smaller, and had fewer available beds than the top profit areas. The index or relative measures of the five variables identified earlier are summarized below.

None of these factors alone explain the poorer profitability. However, the combination of lower utilization, lower revenue per skier visit, and fewer days of operation creates only marginal profits. Profits were aided by a lower capital cost/capacity ratio than the average ski area.

Probable Cause	Measure	Index
1. Equivalent Days/Nights	125 days/nights	1.00
2. Revenue/Skier Visit	$17.60	0.92
3. Capital Cost/Capacity Ratio	$2,073	0.93
4. Size (VTF/Hour) (000)	6,950	0.94
5. Available Beds	4,634	0.77
Resulting Effect	**Measure**	**Index**
Average Utilization	33.7%	1.02
Operating Profit	$422	0.78
Operating Profit on GFA	4.4%	0.90

Characteristics of the Loss Ski Areas

The same five probable causes as applied to the loss areas illustrate the following:

Probable Cause	Measure	Index
1. Equivalent Days/Nights	111 days/nights	0.89
2. Revenue/Skier Visit	$20.46	1.07
3. Capital Cost/Capacity Ratio	$2,686	1.20
4. Size (VTF/Hour) (000)	8,227	1.12
5. Available Beds	7,785	1.29
Resulting Effect	**Measure**	**Index**
Average Utilization	22.7%	0.69
Operating Profit (000)	($1,038)	-
Operating Profit on GFA	Loss	-

An analysis of the five causes shows which combine to create losses.

1. Length of Season: The shorter operating season is a major cause. The 33 loss areas averaged 83 days of full operation; 25 days of less than full but better than half open; only 10 days of less than half open; and 45 nights of operation. Their equivalent days/nights amounted to 94 percent of actual days open. However, equivalent days/nights is only 89 percent of the average area.

2. Revenue/Skier Visit: While past studies identified discounting as a cause of lost revenue, this is not the case in 1986-87. Revenue per skier visit is 107 percent of the industry average.

3. Cost Factors: A major shortcoming of the loss areas involves a capital cost/capacity about 20 percent higher than average, coupled with extremely high operating/capacity ratio of $4.98, 12 percent higher than the average ski area. The key to profitability is to control cost and increase utilization.

4. Size: Size does not appear to be an important factor as the loss areas were smaller than the top profit areas, but larger than the bottom profit areas.

5. Available Beds: This factor does not appear significant as the loss areas' number of beds was above average and exceeded that of the bottom profit areas by a wide margin.

The identified basic short-comings of length of season, cost factors, and utilization have created losses and must be remedied to return to profitability.

Summary

These various favorable and unfavorable economic characteristics may be summarized using the rule of thumb ratio of total revenue as a percent of GFA to utilization.

	Total	Top Profit	Bottom Profit	Loss
Number of Areas	134	50	51	33
Total Revenue/GFA	40%	57%	39%	23%
Utilization	33%	39%	34%	23%
Factor	1.21	1.46	1.14	1.00
Judgment	Good	Excellent	Good	Poor

A factor of less than 1.00 indicates one or more critical characteristics are out of balance.

TABLE 35

AVERAGE SKI AREA CHARACTERISTICS BY PROFITABILITY

	Total	Top Half Profit	Bottom Half Profit	Loss
SIZE				
VTF/Hour (000)	7,366	7,221	6,950	8,227
Gross Fixed Assets (000)	$10,976	$9,897	$9,602	$14,733
Skiable Acres	639	486	817	595
Total Acres	1,752	1,627	1,910	1,699
LOCATION				
Within 50 Miles of SMSA	37%	33%	43%	33%
With 6+ Areas in 1 Hour	26%	30%	24%	21%
New England	15%	26%	12%	3%
East	13%	18%	12%	9%
Midwest	9%	8%	12%	6%
Central Rockies	16%	14%	14%	21%
Northern Rockies	10%	6%	16%	9%
California and Nevada	13%	4%	10%	30%
Pacific Northwest	8%	10%	6%	6%
Western Canada	16%	14%	20%	15%
SITE CHARACTERISTICS				
Number of Beds at Base[a]	1,875	1,757	982	2,037
Number of Beds (10 miles)[a]	4,158	3,576	3,652	5,748
With Snowmaking	67%	74%	63%	64%
With Night Skiing	46%	48%	53%	30%
Terrain: Beginner	25%	26%	25%	22%
Intermediate	48%	48%	47%	49%
Expert	27%	26%	28%	28%
BUSINESS CHARACTERISTICS				
Operating With USFS Permit	45%	67%	65%	4%
Engaged in Land Development	40%	48%	37%	30%
OPERATIONAL CHARACTERISTICS				
Average Days/Nights of Operation	125	135	125	111
Average Peak Day Crowd	4,540	5,152	4,519	3,648
Average Skier Visits (000)	210	254	205	152
Average Age of Ski Areas	28 years	27 years	30 years	25 years
ECONOMIC CHARACTERISTICS				
Average Revenue/Skier Visit	$19.04	$19.66	$17.60	$ 20.46
Average Lift Ticket Revenue/Skier Visit	$15.89	$16.04	$14.92	$ 17.51
Average Adult Lift Ticket Price:				
Weekend	$21.51	$21.77	$21.08	$ 21.79
Weekday	$19.80	$19.27	$19.91	$ 20.44
Average Night Ticket Price:				
Weekend	$12.75	$12.55	$13.36	$ 11.67
Weekday	$11.99	$11.96	$12.45	$ 10.83
Average Adult Season Ticket Price	$ 382	$ 398	$ 373	$ 374
Average Utilization	33%	39%	34%	23%
Average Profit (Loss) Before Tax	$ 120	$1,334	$ 48	$(1,607)
Ratio: Revenue/GFA	40%	57%	39%	23%
Base	(134)	(50)	(51)	(33)

[a]For those areas reporting beds.

TABLE 36

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)	Your Ski Area
Gross Fixed Assets	$10,976	$9,897	$9,602	$14,733	$_____
Revenue:					
Ski Lift Gross - Winter	$ 3,340	$4,081	$3,051	$ 2,665	$_____
Ski Lift Gross - Summer	48	20	40	101	_____
Supporting Margin - Winter	763	1,093	581	545	_____
Supporting Margin - Summer	58	170	14	(45)	_____
Year Round Margin	129	237	65	63	_____
TOTAL REVENUE	$ 4,338	$5,601	$3,751	$ 3,329	$_____
Less:					
Ski Lift Direct Expense	$ 907	$ 910	$ 947	$ 836	$_____
Payroll Taxes	109	103	126	96	_____
Property Operation	201	311	104	183	_____
OPERATIONS MARGIN	$ 3,121	$4,277	$2,574	$ 2,214	$_____
Less:					
General & Administrative	$ 683	$ 595	$ 593	$ 956	$_____
Marketing (advertising, public relations, promotion, etc.)	344	375	312	345	_____
Insurance (property, liability)	349	364	297	409	_____
Land Use Fees (public)	81	103	72	61	_____
Land Use Fees (private)	12	15	9	13	_____
Property Taxes	75	67	67	100	_____
Other Taxes (except income)	26	59	6	8	_____
Snowmaking	159	251	114	92	_____
Snow Removal	15	11	18	12	_____
Miscellaneous	143	145	82	233	_____
Depreciation & Amortization	693	588	582	1,023	_____
OPERATING PROFIT (LOSS)	$ 541	$1,704	$ 422	$ (1,038)	$_____
Less: Interest	421	370	374	569	_____
PROFIT (LOSS) BEFORE TAX	$ 120	$1,334	$ 48	$ (1,607)	$_____
Base	(134)	(50)	(51)	(33)	

TABLE 37

AVERAGE SKI AREA FINANCIAL DATA--INCOME STATEMENT
BY PROFITABILITY

	Percent of Gross Fixed Assets				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	30.4%	41.2%	31.8%	18.1%	____%
Ski Lift Gross - Summer	0.4	0.2	0.4	0.7	____
Supporting Margin - Winter	7.0	11.0	6.1	3.7	____
Supporting Margin - Summer	0.5	1.7	0.1	(0.3)	____
Year Round Margin	1.2	2.5	0.7	0.4	____
TOTAL REVENUE	39.5%	56.6%	39.1%	22.6%	____%
Less:					
Ski Lift Direct Expense	8.3%	9.2%	9.9%	5.7%	____%
Payroll Taxes	1.0	1.0	1.3	0.7	____
Property Operation	1.8	3.1	1.1	1.2	____
OPERATIONS MARGIN	28.4%	43.3%	26.8%	15.0%	____%
Less:					
General & Administrative	6.2%	6.0%	6.2%	6.5%	____%
Marketing (advertising, public relations, promotion, etc.)	3.1	3.8	3.2	2.3	____
Insurance (property, liability)	3.2	3.7	3.1	2.8	____
Land Use Fees (public)	0.7	1.0	0.7	0.4	____
Land Use Fees (private)	0.1	0.2	0.1	0.1	____
Property Taxes	0.7	0.7	0.7	0.7	____
Other Taxes (except income)	0.3	0.6	0.1	0.1	____
Snowmaking	1.4	2.5	1.2	0.6	____
Snow Removal	0.1	0.1	0.2	0.1	____
Miscellaneous	1.4	1.6	0.9	1.5	____
Depreciation & Amortization	6.3	5.9	6.1	6.9	____
OPERATING PROFIT (LOSS)	4.9%	17.2%	4.3%	(7.0)%	____%
Less: Interest	3.8	3.7	3.9	3.9	____
PROFIT (LOSS) BEFORE TAX	1.1%	13.5%	0.4%	(10.9)%	____%
Base	(134)	(50)	(51)	(33)	

TABLE 38

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY PROFITABILITY

	Percent of Revenue				Your Ski Area
	Total	Top Half	Bottom Half	Loss	
Revenue:					
Ski Lift Gross - Winter	77.0%	72.9%	81.3%	80.0%	____ %
Ski Lift Gross - Summer	1.1	0.4	1.1	3.0	____
Supporting Margin - Winter	17.6	19.5	15.5	16.4	____
Supporting Margin - Summer	1.3	3.0	0.4	(1.4)	____
Year Round Margin	3.0	4.2	1.7	2.0	____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0 %
Less:					
Ski Lift Direct Expense	20.9%	16.2%	25.2%	25.1%	____ %
Payroll Taxes	2.5	1.8	3.4	2.9	____
Property Operation	4.7	5.6	2.8	5.5	____
OPERATIONS MARGIN	71.9%	76.4%	68.6%	66.5%	____ %
Less:					
General & Administrative	15.7%	10.6%	15.8%	28.7%	____ %
Marketing (advertising, public relations, promotion, etc.)	7.9	6.7	8.3	10.4	____
Insurance (property, liability)	8.0	6.5	7.9	12.3	____
Land Use Fees (public)	1.9	1.8	1.9	1.8	____
Land Use Fees (private)	0.3	0.3	0.2	0.4	____
Property Taxes	1.7	1.2	1.8	3.0	____
Other Taxes (except income)	0.6	1.1	0.2	0.2	____
Snowmaking	3.7	4.5	3.0	2.8	____
Snow Removal	0.3	0.2	0.5	0.4	____
Miscellaneous	3.3	2.6	2.2	7.0	____
Depreciation & Amortization	16.0	10.5	15.5	30.7	____
OPERATING PROFIT (LOSS)	12.5%	30.4%	11.3%	(31.2)%	____ %
Less: Interest	9.7	6.6	10.0	17.1	____
PROFIT (LOSS) BEFORE TAX	2.8%	23.8%	1.3%	(48.3)%	____ %
Base	(134)	(50)	(51)	(33)	

TABLE 39

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY PROFITABILITY

	Total (000)	Top Half (000)	Bottom Half (000)	Loss (000)
Assets:				
Current Assets	$ 1,542	$ 1,756	$ 987	$ 2,112
Gross Fixed Assets	11,221	10,242	9,726	15,198
Less: Depreciation	(4,412)	(3,869)	(4,089)	(5,789)
Other Assets	1,873	1,208	443	5,247
TOTAL ASSETS	$10,224	$ 9,337	$7,067	$16,768
Liability & Net Worth				
Current Liabilities	$ 1,109	$ 1,221	$ 901	$ 1,273
Long-Term Debt	3,795	2,769	2,786	7,053
Subordinated Debt	879	874	552	1,421
Deferred Taxes	228	286	92	361
Other Liabilities	404	540	358	259
Net Worth				
Invested	2,979	1,051	1,709	8,074
Retained Earnings	854	2,639	690	(1,673)
Less: Treasury Stock	(24)	(43)	(21)	-
TOTAL LIABILITIES & NET WORTH	$10,224	$ 9,337	$7,067	$16,768
Base	(126)	(47)	(49)	(30)

TABLE 40

ECONOMIC RATIOS–BY PROFITABILITY

	Key	Total	Top Half	Bottom Half	Loss	Your Ski Area
VTF/Hour (000)	A	7,366	7,221	6,950	8,227	___
VTF/Hour - Demand/Skier Capacity	B	1,500	1,500	1,500	1,500	___
Skier Capacity	C	4,910	4,814	4,633	5,485	___
Days/Nights of Operation	D	125	135	125	111	___
Season Capacity (000)	E	638	647	608	671	___
Day Season Capacity (000)		592	591	551	658	___
Night Season Capacity (000)		104	117	112	49	___
Actual Skier Visits (000)	F	210	254	205	152	___
Day Skier Visits (000)		202	236	203	149	___
Night Skier Visits (000)		39	47	34	13	___
Profit (Loss) Before Tax (000)	G	$ 120	$1,334	$ 48	$(1,607)	$___
Plus: Depreciation (000)	H	$ 693	$ 588	$ 582	$ 1,023	$___
Before Tax Cash Flow (000)	I	$ 813	$1,922	$ 630	$ (584)	$___
Operating Profit (Loss) (000)	J	$ 541	$1,704	$ 422	$(1,038)	$___
Cash Operating Costs (000)	K	$ 3,104	$3,309	$2,747	$ 3,344	$___
Gross Fixed Assets (000)	L	$10,976	$9,897	$9,602	$14,733	$___
Long Term Debt (000)	M	$ 4,674	$3,643	$3,338	$ 8,474	$___
Equity (000)	N	$ 3,809	$3,647	$2,378	$ 6,401	$___
Critical Ratios						
1. Health (Debt to Cash Flow)		5.7X	1.9X	5.3X	-	___X
Profitability:						
2. Operating Profit on GFA		4.9%	17.2%	4.4%	Loss	___%
3. Profit (BT) on Equity		3.2%	36.6%	2.0%	Loss	___%
Performance:						
4. Average Utilization		32.9%	39.3%	33.7%	22.7%	___%
Day Utilization		34.1%	39.9%	36.8%	22.6%	___%
Night Utilization		15.4%	40.2%	30.4%	26.5%	___%
5. Days/Nights of Operation		125	135	125	111	___
Policy & Planning:						
6. Capital/Capacity Ratio		$2,235	$2,056	$2,073	$2,686	$___
7. Operating/Capacity Ratio		$ 4.87	$ 5.11	$ 4.52	$ 4.98	$___
Revenue/Skier Visit: (Average for all areas)						
Ski Lift Gross		$15.89	$16.04	$14.92	$17.51	$___
Ski School Margin		$ .60	$ .64	$ .50	$ .71	$___
Food Service Margin		$ .77	$ .98	$ .64	$ .49	$___
Bar Margin		$ .38	$ .50	$ .35	$ .17	$___
Ski Shop Margin		$ .45	$ .51	$ .36	$ .50	$___
Ski Rental Margin		$ .77	$ .87	$ .69	$ .67	$___
Other Margin		$ .18	$ .12	$ .14	$ .41	$___
8. Total - Revenue/Skier Visit		$19.04	$19.66	$17.60	$20.46	$___
Base		(134)	(50)	(51)	(33)	

VI

SKI AREA DEPARTMENTAL OPERATIONS

Skiers require a variety of supporting services in order to participate in their sport. In general, these services are revenue producers and each should be organized to provide some contribution to gross margin.

Departmental Operations

Table 41 summarizes the departmental operations for 12 departments during both winter and summer seasons. Since the range of supporting services varies substantially, this data represents averages from among only those areas who reported owning and operating such supporting services. The number of ski areas reporting such operations is noted in the right hand column labeled "base." For example, only 93 ski areas or 69 percent reported operating a bar, thus the data shown are from a sample of only 93.

In addition to the departmental direct cost breakdown, Table 41 includes gross sales per skier visit for the seven major categories. These departments account for 82 percent of ski area gross revenue. These averages have also been calculated using only those ski areas that report owning and operating these departments. Thus, the gross margins calculated from Table 41 will not equate with the average ski industry margins shown with the economic ratios (Table 32). For instance, the bar department gross margin on Table 41 amounts to $0.53/skier visit ($1.21 x 43.4 percent) whereas on Table 32 it is shown as $0.38/skier visit. While the industry average is based on all 134 respondents, the Table 41 data is based on only the 93 respondents who own and operate a bar.

Two upgraded items involve cost of goods sold in the rental department and payroll taxes. The last nine surveys asked specifically for including a rental equipment depreciation allowance under cost of goods sold since this equipment is typically replaced every three to five seasons. In addition this year, payroll taxes have been deducted from departments. If respondents gave a breakdown of payroll taxes by department, that figure was used; if a total payroll tax figure was given, it was allocated to departments in proportion to direct labor costs.

Tables 42 through 44 summarize departmental data by profitability. This breakdown is also included by ski area type (Tables 45-47) and by geographic region (Chapter VII, Table 60).

Ski Area Concessions

Table 48 summarizes ski area concession operations.

Ski Area Employment

Tables 49 and 50 summarize ski area employment. These 134 ski areas employed 24,867 persons daily. If the balance of the ski areas had similar staffing, based on skier visits the ski area industry employed 47,821 persons daily.

Ski Lift Department Detail

Table 51 contains the ski lift department breakdowns.

Ski Area Insurance Costs

Ski area insurance costs have been a major concern of the industry over the past few years. Ninety-two ski areas provided data concerning property, etc., and liability insurance costs. Their cost experience was:

Property Insurance Expense	$110,065	29.4%
Liability Insurance Expense	263,869	70.6
Total Insurance Expense	$373,934	100.0%

Forty-one ski areas lumped their insurance costs together and reported a cost of $303,072. Assuming that the property/liability ratio remains the same for the 41 ski areas who provided only one lumped figure results in allocating 29.4 percent to property and 70.6 percent to liability. Thus, the 1986-87 figures probably look like this for the average ski area:

Cost–Property Insurance	$103,603	29.4%
Cost–Liability Insurance	248,486	70.6%
Cost–Total Insurance	$352,089	100.0%

Logically property insurance is some function of the property value, while liability insurance is typically measured as a percent of revenue. Thus the following relationships have been calculated:

Property Insurance	/	Gross Fixed Assets		
$103,603	/	$10,976,000	=	0.9%
Liability Insurance	/	Total Revenue		
$248,486	/	$ 4,338,000	=	5.7%
Liability Insurance	/	Gross Operating Revenue[a]		
$248,486		$ 5,828,000	=	4.3%

[a]For purposes of this measure Gross Operating Revenue is defined as all gross revenue less real estate and utility departmental revenue and less all concession revenue.

The liability insurance ratios have increased considerably in recent years: in 1984-85 the liability insurance/total revenue was 1.9 percent and liability insurance/gross operating revenue was 1.5 percent; in 1985-86 the ratios were 4.5 percent and 3.4 percent respectively.

TABLE 41

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
TOTAL SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON								
Ski Lift Dept.	$15.89	100.0%	- %	15.6%	9.7%	3.0%	71.7%	(134)
Ski School	1.82	100.0%	-	47.5	7.0	10.3	35.2	(115)
Food Service	3.87	100.0%	33.7	26.1	11.1	4.5	24.6	(112)
Bar	1.21	100.0%	26.8	17.6	9.6	2.6	43.4	(93)
Retail	2.00	100.0%	52.5	10.2	4.3	1.9	31.1	(74)
Rental	1.63	100.0%	12.6[b]	17.9	5.3	3.2	61.0	(103)
Accommodations	-	100.0%	-	26.8	29.3	5.2	38.7	(48)
Other	.71	100.0%	5.4	34.7	24.5	8.0	27.4	(108)
	$27.13							
YEAR-ROUND								
Real Estate		100.0%	56.9	7.9	13.0	1.2	21.0	(22)
Utility		100.0%	-	34.8	68.7	10.9	(14.4)	(20)
Miscellaneous		100.0%	3.4	7.2	17.8	5.4	66.2	(72)
SUMMER SEASON								
Lift Department		100.0%	-	54.3	44.2	9.0	(7.5)	(25)
Food Service		100.0%	36.2	42.1	15.0	6.5	0.2	(47)
Retail		100.0%	56.3	22.1	11.8	4.2	5.6	(26)
Sports		100.0%	-	36.8	33.0	8.0	22.2	(21)
Accommodations		100.0%	-	35.3	30.3	6.9	27.5	(29)
Slide		100.0%	-	26.5	12.0	4.9	56.6	(11)
Other		100.0%	14.1	37.4	38.6	7.4	2.5	(30)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 42

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
TOP PROFIT SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON								
Ski Lift Dept.	$16.03	100.0%	- %	13.0%	8.1%	2.4%	76.5%	(50)
Ski School	1.67	100.0%	-	45.0	6.7	9.3	39.0	(45)
Food Service	3.41	100.0%	32.4	23.1	9.6	3.7	31.2	(43)
Bar	1.29	100.0%	25.4	16.1	9.6	2.2	46.7	(37)
Retail	1.94	100.0%	50.3	8.1	2.2	1.7	37.7	(27)
Rental	1.69	100.0%	10.6[b]	14.9	3.3	2.7	68.5	(37)
Accommodations	-	100.0%	-	25.3	26.7	5.3	42.7	(22)
Other	.55	100.0%	5.6	36.0	28.0	9.9	20.5	(43)
	$26.58							
YEAR-ROUND								
Real Estate		100.0%	55.5	3.8	6.3	0.5	33.9	(10)
Utility		100.0%	-	40.4	60.9	9.4	(10.7)	(7)
Miscellaneous		100.0%	3.3	11.9	28.1	1.7	55.0	(24)
SUMMER SEASON								
Lift Department		100.0%	-	60.4	101.8	14.3	(76.5)	(6)
Food Service		100.0%	34.4	37.0	13.0	5.5	10.1	(21)
Retail		100.0%	52.7	17.4	3.8	2.9	23.2	(12)
Sports		100.0%	-	38.3	31.4	7.5	22.8	(11)
Accommodations		100.0%	-	27.3	21.6	4.9	46.2	(14)
Slide		100.0%	0.0	29.4	15.8	6.1	48.7	(5)
Other		100.0%	13.3	35.2	38.1	8.3	5.1	(11)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 43

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
BOTTOM PROFIT SKI AREAS, 1986-87

	Gross Sales		Less:					
	Per S-V[a]	%	Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
WINTER SEASON								
Ski Lift Dept.	$14.92	100.0%	- %	17.4%	11.6%	3.8%	67.2%	(51)
Ski School	1.75	100.0%	-	49.1	7.7	10.7	32.5	(44)
Food Service	2.93	100.0%	33.4	25.4	10.9	4.9	25.4	(43)
Bar	1.09	100.0%	27.6	18.5	8.6	3.0	42.3	(38)
Retail	1.78	100.0%	53.8	11.0	6.3	2.1	26.8	(28)
Rental	1.60	100.0%	12.4[b]	18.5	7.2	3.0	58.9	(41)
Accommodations	-	100.0%	-	24.0	39.6	4.4	32.0	(15)
Other	.64	100.0%	6.4	36.4	28.4	7.3	21.5	(39)
	$24.71							
YEAR-ROUND								
Real Estate		100.0%	66.6	0.9	4.4	0.2	27.9	(6)
Utility		100.0%	-	16.1	30.8	52.1	1.0	(7)
Miscellaneous		100.0%	6.2	2.7	15.8	9.4	65.9	(31)
SUMMER SEASON								
Lift Department		100.0%	-	88.7	57.6	16.1	(62.4)	(13)
Food Service		100.0%	40.0	46.6	17.3	8.6	(12.5)	(18)
Retail		100.0%	58.5	27.0	21.7	5.7	(12.9)	(11)
Sports		100.0%	-	21.9	20.8	7.6	49.7	(7)
Accommodations		100.0%	-	35.0	56.4	7.3	1.3	(8)
Slide		100.0%	0.0	24.5	9.3	4.1	62.1	(6)
Other		100.0%	3.6	54.5	49.7	9.3	(17.1)	(12)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 44

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
LOSS SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON								
Ski Lift Dept.	$17.51	100.0%	- %	18.2%	10.1%	3.4%	68.3%	(33)
Ski School	2.37	100.0%	-	50.0	6.4	11.6	32.0	(26)
Food Service	5.31	100.0%	36.6	32.6	14.1	5.6	11.1	(26)
Bar	1.24	100.0%	31.3	22.3	12.8	2.8	30.8	(18)
Retail	2.52	100.0%	54.4	12.5	5.1	1.9	26.1	(19)
Rental	1.52	100.0%	17.2[b]	23.8	6.5	4.7	47.8	(25)
Accommodations	-	100.0%	-	31.8	28.9	5.3	34.0	(11)
Other	.96	100.0%	3.7	30.6	13.9	5.6	46.2	(26)
	$31.43							
YEAR-ROUND								
Real Estate		100.0%	57.6	15.9	25.7	2.5	(1.7)	(6)
Utility		100.0%	-	31.7	83.0	6.1	(20.8)	(6)
Miscellaneous		100.0%	0.4	3.7	0.3	7.6	88.0	(17)
SUMMER SEASON								
Lift Department		100.0%	-	31.6	18.6	3.1	46.7	(6)
Food Service		100.0%	37.4	50.4	17.8	7.3	(12.9)	(8)
Retail		100.0%	59.8	23.8	13.1	4.7	(1.4)	(3)
Sports		100.0%	-	47.4	50.5	10.1	(8.0)	(3)
Accommodations		100.0%	-	116.9	71.6	26.8	(115.3)	(7)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	21.1	32.7	33.4	4.9	7.9	(7)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 45

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
VACATION ORIENTED SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON								
Ski Lift Dept.	$17.90	100.0%	- %	14.8%	9.1%	3.0%	73.1%	(35)
Ski School	2.24	100.0%	-	49.7	7.1	10.9	32.3	(33)
Food Service	4.27	100.0%	31.4	26.9	13.9	4.2	23.6	(30)
Bar	1.25	100.0%	25.2	18.5	12.2	2.4	41.7	(25)
Retail	2.18	100.0%	50.6	9.1	5.6	1.8	32.9	(21)
Rental	1.39	100.0%	13.3[b]	17.8	7.7	3.6	57.6	(25)
Accommodations	-	100.0%	-	25.8	31.1	4.3	38.8	(17)
Other	.74	100.0%	7.0	40.4	29.6	9.8	13.2	(30)
	$29.97							
YEAR-ROUND								
Real Estate		100.0%	55.3	7.0	5.9	1.0	30.8	(12)
Utility		100.0%	-	39.0	80.5	20.5	(40.0)	(9)
Miscellaneous		100.0%	3.2	10.7	24.5	3.2	58.4	(23)
SUMMER SEASON								
Lift Department		100.0%	-	98.3	84.0	19.2	(101.5)	(11)
Food Service		100.0%	38.1	50.1	22.7	6.6	(17.5)	(17)
Retail		100.0%	56.6	25.0	19.1	5.2	(5.9)	(13)
Sports		100.0%	-	41.6	36.7	9.3	12.4	(9)
Accommodations		100.0%	-	42.4	34.9	7.6	15.1	(11)
Slide		100.0%	0.0	32.5	10.5	6.3	50.7	(5)
Other		100.0%	9.5	34.2	39.2	7.6	9.5	(12)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 46

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
DAY SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON								
Ski Lift Dept.	$12.95	100.0%	- %	17.9%	10.8%	3.2%	68.1%	(73)
Ski School	1.46	100.0%	-	42.4	7.4	8.5	41.7	(62)
Food Service	2.69	100.0%	35.8	23.4	7.9	3.7	29.2	(62)
Bar	1.27	100.0%	28.3	16.4	7.1	2.1	46.1	(51)
Retail	1.71	100.0%	57.5	11.6	2.9	2.1	25.9	(40)
Rental	2.02	100.0%	11.8[b]	17.3	4.1	2.6	64.2	(59)
Accommodations	-	100.0%	-	25.1	30.6	6.9	37.4	(17)
Other	.44	100.0%	6.3	27.8	24.3	5.1	36.5	(57)
	$22.54							
YEAR-ROUND								
Real Estate		100.0%	0.7	65.0	4.9	14.0	15.4	(2)
Utility		100.0%	-	31.1	94.7	6.4	(32.2)	(6)
Miscellaneous		100.0%	5.5	2.7	10.8	6.9	74.1	(34)
SUMMER SEASON								
Lift Department		100.0%	-	49.6	52.0	4.3	(5.9)	(7)
Food Service		100.0%	36.4	37.6	11.0	2.3	12.7	(16)
Retail		100.0%	59.2	21.4	9.8	3.5	6.1	(7)
Sports		100.0%	-	25.0	12.0	0.0	63.0	(3)
Accommodations		100.0%	-	36.0	52.7	5.5	5.8	(8)
Slide		100.0%	0.0	20.3	16.1	2.7	60.9	(4)
Other		100.0%	20.2	29.8	34.2	4.8	11.0	(13)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 47

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
WEEKEND SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON								
Ski Lift Dept.	$16.62	100.0%	- %	14.3%	9.5%	3.2%	73.0%	(26)
Ski School	1.47	100.0%	-	48.4	5.6	11.5	34.5	(20)
Food Service	3.61	100.0%	35.6	27.7	8.0	6.4	22.3	(20)
Bar	1.03	100.0%	27.6	18.2	8.4	4.0	41.8	(17)
Retail	2.02	100.0%	50.1	10.9	2.7	1.9	34.4	(13)
Rental	1.36	100.0%	13.6[b]	19.8	4.4	4.1	58.1	(19)
Accommodations	-	100.0%	-	31.2	22.3	7.3	39.2	(14)
Other	.83	100.0%	1.6	29.7	15.0	6.9	46.8	(21)
	$26.94							
YEAR-ROUND								
Real Estate		100.0%	59.3	8.5	21.1	1.4	9.7	(8)
Utility		100.0%	-	34.0	53.2	7.7	5.1	(5)
Miscellaneous		100.0%	0.0	0.0	0.6	12.5	86.9	(15)
SUMMER SEASON								
Lift Department		100.0%	-	20.7	1.5	4.9	72.9	(7)
Food Service		100.0%	34.1	37.5	10.4	9.8	8.2	(14)
Retail		100.0%	54.1	18.0	1.9	3.2	22.8	(6)
Sports		100.0%	-	28.6	27.4	6.2	37.8	(9)
Accommodations		100.0%	-	27.2	19.7	6.5	46.6	(10)
Slide		100.0%	0.0	30.3	7.7	6.8	55.2	(2)
Other		100.0%	24.3	107.3	56.9	19.3	(107.8)	(5)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 48

SKI AREA CONCESSION OPERATIONS

Supporting Department	Percent of Ski Areas				Average Concession Revenue[a] (000)
	Do Not Have	Own	Concession	Both	
WINTER SEASON:					
Ski School	0.7%	85.1%	13.4%	0.7%	$18.8
Food Service	0.0	77.6	16.4	6.0	70.7
Bar	17.2	69.4	11.9	1.5	45.5
Retail Shop	11.2	53.7	33.6	1.5	45.2
Rental Shop	6.0	76.1	17.2	0.7	59.8
Accommodations	61.2	35.1	3.0	0.7	29.4
SUMMER SEASON:					
Food Service	62.7%	34.3%	2.2%	0.7%	$14.2
Retail Shop	73.9	18.7	6.7	0.7	33.8
Sports Department	82.8	14.9	1.5	0.7	5.0
Accommodations	78.4	21.6	0.0	0.0	-
Summer Slide	89.5	9.0	1.5	0.0	27.5

[a]For those areas having concessions.

TABLE 49

NUMBER OF EMPLOYEES PER AVERAGE DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-moda-tions	Other	Total[a]	Full Time Equiva-lent
Total Sample	48	31	35	7	6	10	33	54	186	114
Geographic:										
New England	46	41	40	9	8	10	53	90	252	50
East	44	28	40	7	4	13	39	39	191	85
Midwest	24	9	15	3	3	7	8	16	72	47
Central Rockies	75	53	49	6	6	11	24	55	247	204
Northern Rockies	41	25	19	5	4	6	12	43	125	178
California & Nevada	74	40	49	8	7	17	33	92	289	237
Pacific Northwest	33	15	21	6	3	7	19	24	106	97
Western Canada	30	18	26	7	5	7	25	40	122	63
Type:										
Day	32	22	18	4	4	9	8	24	105	59
Weekend	57	29	44	8	5	10	40	70	218	153
Vacation	74	53	65	11	9	13	54	94	335	259
Profitability:										
Top Profit	46	34	38	8	5	10	39	60	205	101
Bottom Profit	53	28	32	6	6	10	18	42	168	87
Loss	43	30	35	6	6	11	40	60	185	160
By Size (000) (VTF/Hour)										
Under 2,500	18	11	10	3	3	5	9	13	58	38
2,500 - 3,999	25	20	15	3	2	8	18	22	91	45
4,000 - 5,499	25	23	21	4	4	8	10	20	98	47
5,500 - 9,999	58	33	36	9	5	11	36	55	207	123
10,000+	98	62	83	13	11	17	52	118	423	296

[a]Will not add due to various different base responses.

TABLE 50

NUMBER OF EMPLOYEES PER PEAK DAY BY DEPARTMENT

	Lift	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-moda-tions	Other	Total[a]	Full Time Equiva-lent
Total Sample	63	60	51	11	9	16	48	68	274	155
Geographic:										
New England	61	77	63	14	12	15	80	124	379	92
East & Ontario	65	59	58	10	7	22	50	52	290	130
Midwest	35	20	29	8	6	14	12	23	128	74
Central Rockies	88	96	64	8	9	17	30	78	349	307
Northern Rockies	50	47	30	8	6	10	15	48	178	73
California & Nevada	100	75	70	14	13	26	44	112	410	212
Pacific Northwest	59	63	39	13	5	17	33	33	224	142
Western Canada	35	27	34	13	7	10	35	35	150	106
Type:										
Day	47	49	29	8	6	15	12	34	178	98
Weekend	75	58	62	13	10	16	52	87	315	170
Vacation	86	87	88	17	13	18	80	117	457	342
Profitability:										
Top Profit	64	69	55	12	8	16	57	82	313	152
Bottom Profit	66	55	47	10	9	16	24	52	243	148
Loss	56	56	49	11	10	17	58	69	264	168
By Size (000) (VTF/Hour)										
Under 2,500	26	24	19	6	4	9	19	21	104	38
2,500 - 3,999	40	46	26	6	4	15	26	28	158	80
4,000 - 5,499	36	51	32	8	6	14	15	28	167	80
5,500 - 9,999	79	65	56	15	9	18	49	72	313	173
10,000+	123	113	114	21	17	25	81	153	594	356

[a]Will not add due to various different base responses.

TABLE 51

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY PROFITABILITY

	Total Sample	High	Low	Loss	Your Ski Area
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	5.1%	4.2%	6.0%	5.4%	____
Ski Patrol Payroll	2.5	2.1	2.9	3.1	____
Slope Maintenance Payroll	2.1	1.7	2.3	2.5	____
Maintenance & Repair Payroll	3.1	2.2	3.8	4.5	____
Ticket Sales Payroll	1.2	0.9	1.4	1.5	____
Other Payroll	1.2	1.1	1.1	1.6	____
TOTAL PAYROLL	15.2%	12.2%	17.5%	18.6%	____
PAYROLL TAXES	3.1%	2.6%	3.7%	3.3%	____
OTHER DIRECT	9.6%	7.7%	11.1%	12.1%	____
TOTAL DIRECT	27.9%	22.5%	32.2%	34.0%	____
GROSS MARGIN	72.1%	77.5%	67.7%	66.0%	____%
Base	(95)	(38)	(36)	(20)	

VII

REGIONAL SKI AREA CHARACTERISTICS

This chapter offers a look at ski area similarities and differences by geographic regions. Table 53 summarizes the significant ski area characteristics, while Table 54 presents the eight critical variables by geographic location. Tables 55-57 contain average regional area income statements compared to both gross fixed assets and revenue. Table 58 illustrates lift department direct costs. Table 59 breaks out the regional balance sheets. Table 60 summarizes departmental breakdowns. Again due to the large number of tables, they all appear at the end of the chapter. For the first time areas in Western Canada are reported separately.

Observations

The larger areas are found in the Rockies and the West where the mountains are larger and the snow cover typically deeper and more dependable. This also means that the Rockies contain a larger share of the vacation areas, while the other sections are heavy on day use areas. There are many more beds at Rockies areas, again indicative of their focus on vacation destination resorts.

Eastern and Midwestern areas depend heavily upon snowmaking. Divisions of terrain by difficulty appear rather standard all across the nation. This can be misleading as each ski area classifies their terrain in relation to other terrain at that area. What in Colorado may be more difficult (intermediate) might be most difficult (expert) in Wisconsin.

Variations in profitability are most evident when analyzing data on this geographic regional breakdown. Winter weather is the most significant factor, followed by population concentrations.

Table 52 summarizes the critical performance variable operating profit on GFA for each region over the past five seasons. Several regions improved in 1986-87: the New England region, the East and Ontario region, the Rockies, and the Pacific Northwest. The Midwest had a slight decline and California had a dismal performance because of lack of snow.

The New England areas reported the best operating profit on GFA in 1986-87–13.6 percent. The East and Ontario region with 12.4 percent and the Pacific Northwest region with 8.4 percent followed. This compares to 4.9 percent for the average area.

The New England and Midwest areas continued to show good performance for the fourth year in a row, as did the East and Ontario area for the second year. Both Rockies regions improved over last year.

The California/Nevada region again had a decline in skier visits and profits compared to the 1985-86 season recording a loss for operating profit on GFA as shown in Table 52.

TABLE 52

FIVE YEAR COMPARISON
OPERATING PROFIT ON GFA

	1986-87	1985-86	1984-85	1983-84	1982-83
New England	13.6%	8.1%	7.3%	9.8%	2.8%
East & Ontario	12.4	10.7	3.7	8.6	2.7
Midwest	7.5	8.0	9.3	8.6	Loss
Central Rockies	4.3	2.2	8.3	9.6	8.3
Northern Rockies	2.1	0.6	0.5	2.8	2.7
California & Nevada	Loss	6.4	9.6	5.7	9.0
Pacific Northwest	8.4	3.9	5.8	4.2	5.3
Western Canada	3.5				
TOTAL SAMPLE	4.9%	5.2%	7.1%	7.7%	5.7%

TABLE 53

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
SIZE								
VTF/Hour (000)	8,461	3,940	1,822	11,284	6,254	12,073	6,441	5,947
Gross Fixed Assets (000)	$14,239	$7,961	$2,053	$16,926	$7,935	$16,741	$5,437	$9,660
Skiable Acres	224	110	69	487	1,120	1,474	1,012	594
Total Acres	1,455	854	327	2,100	2,488	2,514	1,925	2,067
LOCATION								
Within 50 Miles of SMSA	25%	44%	50%	14%	50%	47%	20%	48%
With 6+ Areas in 1 Hour	70%	17%	8%	14%	21%	53%	0%	5%
SITE CHARACTERISTICS								
Number of Beds at Base[a]	1,776	573	159	3,509	1,149	4,736	325	906
Number of Beds (10 Miles)[a]	4,148	2,064	1,194	7,242	2,846	8,224	632	2,648
With Snowmaking	100%	100%	92%	81%	21%	53%	30%	41%
With Night Skiing	35%	83%	92%	0%	36%	29%	80%	45%
Terrain: Beginner	27%	30%	27%	25%	19%	20%	23%	24%
Intermediate	53%	42%	50%	43%	49%	52%	46%	50%
Expert	20%	28%	23%	32%	32%	28%	32%	26%
BUSINESS CHARACTERISTICS								
Operating With USFS Permit	20%	0%	8%	95%	100%	94%	89%	0%
Engaged in Land Development	75%	61%	17%	43%	36%	12%	30%	27%
OPERATIONAL CHARACTERISTICS								
Average Days/Nights of Operation	135	112	124	125	125	109	141	135
Average Peak Day Crowd	6,031	4,357	2,102	5,554	3,230	6,005	4,990	3,196
Average Skier Visits (000)	296	171	66	325	149	245	184	157
Average Age of Ski Areas	30 years	27 years	28 years	32 years	31 years	29 years	23 years	14 years
ECONOMIC CHARACTERISTICS								
Average Revenue/Skier Visit	$20.58	$19.53	$14.77	$19.07	$15.67	$22.11	$13.47	$18.20
Avg. Lift Ticket Revenue/S-V	$16.40	$14.84	$10.28	$16.83	$13.75	$18.89	$11.30	$15.45
Avg. Adult Lift Ticket Price:								
(Weekend)	$23.05	$24.64	$18.85	$22.76	$18.32	$22.50	$17.30	$21.00
(Weekday)	$21.68	$18.91	$13.40	$22.52	$17.61	$23.37	$15.50	$20.57

TABLE 53 (Continued)

AVERAGE SKI AREA CHARACTERISTICS BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Average Night Ticket Price:								
(Weekend)	$14.14	$13.93	$11.73	$ -	$ 9.00	$ 14.60	$11.00	$13.17
(Weekday)	$14.14	$13.17	$11.03	$ -	$ 9.00	$ 11.63	$10.14	$12.33
Avg. Adult Season Ticket Price	$ 460	$ 344	$ 239	$ 411	$ 354	$ 488	$ 350	$ 357
Average Utilization	38.7%	56.6%	41.5%	32.5%	29.5%	25.8%	28.1%	28.6%
Average Profit (Loss) Before Tax	$1,499	$ 685	$ 65	$ 26	$ (190)	$ (1,319)	$ 305	$ (252)
Ratio: Revenue/GFA	51.1%	46.3%	52.8%	37.0%	31.0%	33.7%	49.5%	31.8%
Base	(20)	(18)	(12)	(21)	(14)	(17)	(10)	(22)

[a]Average of those areas reporting beds.

TABLE 54

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

	Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
VTF/Hour (000)	A	8,461	3,940	1,822	11,284	6,254	12,073	6,441	5,947
VTF/Hour - Demand/Skier Capacity	B	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	5,641	2,627	1,215	7,523	4,169	8,049	4,294	3,965
Days/Nights of Operation	D	135	112	124	125	125	109	141	135
Season Capacity (000)	E	765	302	159	1,001	506	949	655	549
Day Season Capacity (000)		684	230	101	1,001	488	922	527	524
Night Season Capacity (000)		231	86	63	0	62	94	161	61
Actual Skier Visits (000)	F	296	171	66	325	149	245	184	157
Day Skier Visits (000)		266	140	42	325	145	247	169	157
Night Skier Visits (000)		85	49	24	0	16	24	37	19
Profit (Loss) Before Tax (000)	G	$ 1,499	$ 685	$ 65	$ 26	$ (190)	$ (1,319)	$ 305	$ (252)
Plus: Depreciation (000)	H	$ 823	$ 492	$ 130	$ 1,148	$ 476	$ 1,347	$ 288	$ 429
Before Tax Cash Flow (000)	I	$ 2,322	$1,177	$ 195	$ 1,174	$ 286	$ 28	$ 593	$ 177
Operating Profit (Loss) (000)	J	$ 1,942	$ 985	$ 153	$ 731	$ 163	$ (914)	$ 458	$ 338
Cash Operating Costs (000)	K	$ 4,507	$2,208	$ 802	$ 4,387	$1,823	$ 5,217	$1,946	$2,301
Gross Fixed Assets (000)	L	$14,239	$7,961	$2,053	$16,926	$7,935	$16,741	$5,437	$9,660
Long Term Debt (000)	M	$ 4,193	$4,103	$ 418	$10,687	$3,457	$ 4,338	$1,527	$4,897
Equity (000)	N	$ 5,375	$2,916	$ 289	$ 9,140	$2,388	$ 4,150	$1,840	$1,573
Critical Ratios									
1. Health (Debt to Cash Flow)		1.8X	3.5X	2.1X	9.1X	12.1X	154.9X	2.6X	27.7X
Profitability:									
2. Operating Profit on GFA		13.6%	12.4%	7.5%	4.3%	2.1%	Loss	8.4%	3.5%
3. Profit (BT) on Equity		27.9%	23.5%	22.5%	0.3%	Loss	Loss	16.6%	Loss
Performance:									
4. Average Utilization		38.7%	56.6%	41.5%	32.5%	29.5%	25.8%	28.1%	28.6%
Day Utilization		38.9%	60.9%	41.6%	32.5%	29.7%	26.8%	32.1%	30.0%
Night Utilization		36.8%	57.0%	38.1%	-	25.8%	25.5%	23.0%	31.2%
5. Days/Nights of Operation		135	112	124	125	125	109	141	135

TABLE 54 (Continued)

ECONOMIC RATIOS–BY GEOGRAPHIC LOCATION

	Key	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Policy & Planning:									
6. Capital/Capacity Ratio		$2,524	$3,030	$1,690	$2,250	$1,903	$2,080	$1,266	$2,436
7. Operating Cost/Capacity Ratio		$ 5.89	$ 7.31	$ 5.04	$ 4.38	$ 3.60	$ 5.49	$ 2.97	$ 4.19
Revenue/Skier Visit: (Average of All Areas)									
Ski Lift Gross		$16.40	$14.84	$10.28	$16.83	$13.75	$18.89	$11.30	$15.45
Ski School Margin		$ .69	$ .76	$ .57	$ .74	$ .51	$ .46	$ .24	$ .46
Food Service Margin		$ 1.08	$ 1.10	$ .81	$ .51	$ .47	$ .64	$ .79	$ .78
Bar Margin		$ .57	$ .71	$ .44	$ .15	$ .12	$ .37	$ .44	$ .38
Ski Shop Margin		$ .84	$ .40	$ .31	$ .23	$ .23	$ .55	$ .27	$ .42
Ski Rental Margin		$ .90	$ 1.61	$ 1.95	$ .45	$ .39	$ .71	$ .53	$ .58
Other Margin		$ .10	$ .11	$ .41	$ .16	$ .20	$ .49	$ (.10)	$ .13
8. Total - Revenue/Skier Visit		$20.58	$19.53	$14.77	$19.07	$15.67	$22.11	$13.47	$18.20
Base		(20)	(18)	(12)	(21)	(14)	(17)	(10)	(22)

TABLE 55

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)	Western Canada (000)
Gross Fixed Assets	$14,239	$6,961	$3,053	$16,926	$6,935	$16,741	$5,437	$9,660
Revenue:								
Ski Lift Gross - Winter	$ 4,858	$2,541	$ 674	$ 5,468	$2,055	$ 4,637	$2,082	$2,426
Ski Lift Gross - Summer	33	0	0	7	41	124	58	106
Supporting Margin - Winter	1,590	934	322	755	311	853	456	477
Supporting Margin - Summer	300	84	72	(38)	(4)	(49)	75	14
Year Round Margin	491	126	17	74	59	85	21	45
TOTAL REVENUE	$ 7,272	$3,685	$1,085	$ 6,266	$2,462	$ 5,650	$2,692	$3,068
Less:								
Ski Lift Direct Expense	$ 913	$ 496	$ 179	$ 1,627	$ 708	$ 1,233	$ 700	$ 912
Payroll Taxes	116	74	21	207	78	213	100	36
Property Operation	578	121	100	153	101	285	151	46
OPERATIONS MARGIN	$ 5,665	$2,994	$ 785	$ 4,279	$1,575	$ 3,919	$1,741	$2,074
Less:								
General & Administrative	$ 851	$ 420	$ 164	$ 772	$ 272	$ 1,748	$ 415	$ 503
Marketing (advertising, public relations, promotion, etc.)	612	246	60	632	170	362	146	247
Insurance (property, liability)	434	335	158	408	277	671	36	193
Land Use Fees (public)	131	1	1	156	40	129	246	67
Land Use Fees (private)	15	11	9	20	18	9	4	7
Property Taxes	80	56	21	122	56	143	43	48
Other Taxes (except income)	86	49	16	9	8	12	9	7
Snowmaking	345	357	70	147	38	149	2	48
Snow Removal	17	2	0	9	18	20	14	26
Miscellaneous	329	40	3	125	39	243	80	161
Depreciation & Amortization	823	492	130	1,148	476	1,347	288	429
OPERATING PROFIT (LOSS)	$ 1,942	$ 985	$ 153	$ 731	$ 163	$ (914)	$ 458	$ 338
Less: Interest	443	300	88	705	353	405	153	590
PROFIT (LOSS) BEFORE TAX	$ 1,499	$ 685	$ 65	$ 26	$ (190)	$(1,319)	$ 305	$ (252)
Base	(20)	(18)	(12)	(21)	(14)	(17)	(10)	(22)

TABLE 56

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Gross Fixed Assets							
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:								
Ski Lift Gross - Winter	34.1%	31.9%	32.8%	32.3%	25.9%	27.7%	38.3%	25.1%
Ski Lift Gross - Summer	0.2	0.0	0.0	0.0	0.5	0.7	1.1	1.1
Supporting Margin - Winter	11.2	11.7	15.7	4.5	3.9	5.1	8.4	4.9
Supporting Margin - Summer	2.1	1.1	3.5	(0.2)	(0.1)	(0.3)	1.4	0.1
Year Round Margin	3.5	1.6	0.8	0.4	0.8	0.5	0.3	0.6
TOTAL REVENUE	51.1%	46.3%	52.8%	37.0%	31.0%	33.7%	49.5%	31.8%
Less:								
Ski Lift Direct Expense	6.4%	6.2%	8.7%	9.6%	8.9%	7.4%	12.9%	9.4%
Payroll Taxes	0.8	0.9	1.0	1.2	1.0	1.3	1.8	0.4
Property Operation	4.1	1.6	4.9	0.9	1.3	1.6	2.8	0.5
OPERATIONS MARGIN	39.8%	37.6%	38.2%	25.3%	19.8%	23.4%	32.0%	21.5%
Less:								
General & Administrative	6.0%	5.3%	8.0%	4.6%	3.4%	10.4%	7.6%	5.2%
Marketing (advertising, public relations, promotion, etc.)	4.3	3.1	2.9	3.7	2.1	2.2	2.7	2.6
Insurance (property, liability)	3.0	4.2	7.7	2.4	3.5	4.0	0.7	2.0
Land Use Fees (public)	0.9	0.0	0.0	0.9	0.5	0.8	4.5	0.7
Land Use Fees (private)	0.1	0.1	0.4	0.1	0.2	0.1	0.1	0.1
Property Taxes	0.6	0.7	1.0	0.7	0.7	0.9	0.8	0.5
Other Taxes (except income)	0.6	0.6	0.8	0.1	0.1	0.1	0.2	0.1
Snowmaking	2.4	4.5	3.4	0.9	0.5	0.9	0.0	0.5
Snow Removal	0.1	0.0	0.0	0.1	0.2	0.1	0.3	0.3
Miscellaneous	2.4	0.5	0.2	0.7	0.5	1.4	1.4	1.6
Depreciation & Amortization	5.8	6.2	6.3	6.8	6.0	8.0	5.3	4.4
OPERATING PROFIT (LOSS)	13.6%	12.4%	7.5%	4.3%	2.1%	(5.5)%	8.4%	3.5%
Less: Interest	3.1	3.8	4.3	4.1	4.5	2.4	2.8	6.1
PROFIT (LOSS) BEFORE TAX	10.5%	8.6%	3.2%	0.2%	(2.4)%	(7.9)%	5.6%	(2.6)%
Base	(20)	(18)	(12)	(21)	(14)	(17)	(10)	(22)

TABLE 57

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY GEOGRAPHIC LOCATION

	Percent of Revenue							
	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
Revenue:								
Ski Lift Gross - Winter	66.8%	69.0%	62.1%	87.3%	83.5%	82.1%	77.3%	79.1%
Ski Lift Gross - Summer	0.5	0.0	0.0	0.1	1.7	2.2	2.2	3.5
Supporting Margin - Winter	21.9	25.3	29.7	12.0	12.6	15.1	16.9	15.5
Supporting Margin - Summer	4.1	2.3	6.6	(0.6)	(0.2)	(0.9)	2.8	0.5
Year Round Margin	6.7	3.4	1.6	1.2	2.4	1.5	0.8	1.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:								
Ski Lift Direct Expense	12.6%	13.5%	16.5%	26.0%	28.8%	21.8%	26.0%	29.7%
Payroll Taxes	1.6	2.0	1.9	3.3	3.2	3.8	3.7	1.2
Property Operation	7.9	3.3	9.3	2.4	4.0	5.0	5.6	1.5
OPERATIONS MARGIN	77.9%	81.2%	72.3%	68.3%	64.0%	69.4%	64.7%	67.6%
Less:								
General & Administrative	11.7%	11.4%	15.1%	12.3%	11.1%	30.9%	15.5%	16.4%
Marketing (advertising, public relations, promotion, etc.)	8.4	6.7	5.5	10.2	6.9	6.4	5.4	8.1
Insurance (property, liability)	6.0	9.1	14.6	6.5	11.3	11.9	1.3	6.3
Land Use Fees (public)	1.8	0.0	0.1	2.5	1.6	2.3	9.1	2.2
Land Use Fees (private)	0.2	0.3	0.8	0.3	0.7	0.2	0.1	0.2
Property Taxes	1.1	1.5	1.9	1.9	2.3	2.5	1.6	1.6
Other Taxes (except income)	1.2	1.3	1.5	0.1	0.3	0.2	0.3	0.2
Snowmaking	4.7	9.7	6.5	2.3	1.5	2.6	0.1	1.6
Snow Removal	0.2	0.1	0.0	0.1	0.7	0.4	0.5	0.8
Miscellaneous	4.6	1.0	0.2	2.1	1.7	4.4	3.1	5.2
Depreciation & Amortization	11.3	13.4	12.0	18.3	19.3	23.8	10.7	14.0
OPERATING PROFIT (LOSS)	26.7%	26.7%	14.1%	11.7%	6.6%	(16.2)%	17.0%	11.0%
Less: Interest	6.1	8.1	8.1	11.3	14.3	7.1	5.7	19.2
PROFIT (LOSS) BEFORE TAX	20.6%	18.6%	6.0%	0.4%	(7.7)%	(23.3)%	11.3%	(8.2)%
Base	(20)	(18)	(12)	(21)	(14)	(17)	(10)	(22)

TABLE 58

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY GEOGRAPHIC LOCATION

	New England	East & Ontario	Midwest	Central Rockies	Northern Rockies	California & Nevada	Pacific Northwest	Western Canada
SKI LIFT GROSS:								
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:								
Ski Lift Payroll	3.8%	3.8%	13.2%	5.1%	5.5%	5.7%	8.1%	5.6%
Ski Patrol Payroll	1.5	1.4	0.5	3.6	3.9	2.3	2.6	2.5
Slope Maintenance Payroll	1.3	1.3	2.1	2.2	2.5	4.1	1.8	2.3
Maintenance & Repair Payroll	1.9	2.3	4.0	3.4	2.5	3.4	3.8	5.3
Ticket Sales Payroll	0.8	0.6	1.6	1.5	1.4	1.2	1.5	1.3
Other Payroll	1.0	0.4	0.9	1.6	1.3	0.5	1.5	2.0
TOTAL PAYROLL	10.3%	9.8%	22.3%	17.4%	17.1%	17.2%	19.3%	19.0%
PAYROLL TAXES	2.4%	2.4%	2.8%	3.7%	3.4%	5.1%	4.5%	1.4%
OTHER DIRECT	6.6%	7.4%	5.5%	10.4%	12.0%	11.6%	10.4%	13.2%
TOTAL DIRECT	19.3%	19.6%	30.6%	31.5%	32.5%	33.9%	34.2%	33.6%
GROSS MARGIN	80.7%	80.4%	69.4%	68.5%	67.5%	66.1%	65.8%	66.4%
Base	(15)	(11)	(6)	(18)	(10)	(8)	(7)	(17)

TABLE 59

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY GEOGRAPHIC LOCATION

	New England (000)	East & Ontario (000)	Midwest (000)	Central Rockies (000)	Northern Rockies (000)	California & Nevada (000)	Pacific Northwest (000)	Western Canada (000)
Assets								
Current Assets	$ 2,579	$1,262	$ 256	$ 2,495	$ 863	$ 1,173	$ 592	$1,827
Gross Fixed Assets	14,567	8,246	1,921	18,572	8,456	16,741	5,437	8,702
Less: Depreciation	(5,572)	(2,971)	(1,245)	(5,461)	(3,329)	(9,010)	(2,584)	(2,989)
Other Assets	2,041	1,960	39	6,061	707	1,675	623	217
TOTAL ASSETS	$13,615	$8,497	$ 971	$21,667	$6,697	$10,579	$4,068	$7,757
Liabilities & Net Worth								
Current Liabilities	$ 2,263	$ 643	$ 251	$ 1,304	$ 768	$ 1,461	$ 612	$ 867
Long-Term Debt	2,852	3,952	383	8,390	3,375	3,591	1,369	3,730
Subordinated Debt	1,341	151	35	2,297	82	747	158	1,167
Deferred Taxes	464	749	13	54	64	97	29	162
Other Liabilities	1,320	86	0	482	20	533	60	258
Net Worth								
Invested	2,780	432	212	8,185	2,390	1,310	1,296	4,553
Retained Earnings	2,601	2,507	107	1,030	49	2,841	556	(2,980)
Less: Treasury Stock	(6)	(23)	(30)	(75)	(51)	(1)	(12)	(0)
TOTAL LIABILITIES & NET WORTH	$13,615	$8,497	$ 971	$21,667	$6,697	$10,579	$4,068	$7,757
Base	(19)	(17)	(11)	(19)	(13)	(17)	(10)	(20)

TABLE 60

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
NEW ENGLAND SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$16.40	100.0%	- %	10.6%	7.0%	2.3%	80.1%	(20)
Ski School	1.63	100.0%	-	39.6	7.0	7.8	45.6	(17)
Food Service	3.86	100.0%	31.4	23.7	10.6	4.3	30.0	(16)
Bar	1.29	100.0%	24.6	12.9	8.0	2.2	52.3	(15)
Retail	2.96	100.0%	51.5	7.8	2.7	1.4	36.6	(13)
Rental	1.30	100.0%	8.9[b]	14.4	4.0	2.7	70.0	(19)
Accommodations	-	100.0%	-	25.9	26.1	6.2	41.8	(13)
Other	.81	100.0%	7.2	40.6	28.8	9.3	14.1	(16)
	$28.25							
YEAR ROUND:								
Real Estate		100.0%	56.4	3.7	6.4	0.5	33.0	(9)
Utility		100.0%	-	31.7	54.1	7.4	6.8	(5)
Miscellaneous		100.0%	0.6	23.2	41.0	2.9	32.3	(8)
SUMMER SEASON:								
Lift Department		100.0%	-	67.0	100.3	18.6	(85.9)	(7)
Food Service		100.0%	35.8	39.1	14.6	5.8	4.7	(14)
Retail		100.0%	54.3	19.7	5.1	3.9	17.0	(10)
Sports		100.0%	-	37.9	35.0	7.6	19.5	(9)
Accommodations		100.0%	-	31.6	24.2	6.1	38.1	(11)
Slide		100.0%	0.0	23.2	11.5	3.2	62.1	(4)
Other		100.0%	13.4	44.1	37.7	9.4	(4.6)	(10)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
EAST & ONTARIO SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$14.84	100.0%	- %	10.5%	7.7%	2.5%	79.3%	(18)
Ski School	1.54	100.0%	-	35.0	4.3	8.4	52.3	(15)
Food Service	3.93	100.0%	34.7	21.7	8.6	4.7	30.3	(16)
Bar	1.99	100.0%	23.4	13.4	10.7	1.7	50.8	(13)
Retail	1.63	100.0%	51.0	8.6	1.1	1.0	38.3	(6)
Rental	2.49	100.0%	8.5[b]	12.7	3.3	2.8	72.7	(15)
Accommodations	-	100.0%	-	17.6	31.1	2.7	48.6	(10)
Other	.41	100.0%	1.6	48.6	5.0	20.2	24.6	(15)
	$26.83							
YEAR ROUND:								
Real Estate		100.0%	65.4	0.0	0.8	0.0	33.8	(3)
Utility		100.0%	-	74.3	65.9	22.9	(63.1)	(5)
Miscellaneous		100.0%	7.5	7.6	17.3	5.9	61.7	(12)
SUMMER SEASON:								
Lift Department		-	-	-	-	-	-	(0)
Food Service		100.0%	35.4	39.2	11.5	6.5	7.4	(7)
Retail		100.0%	52.3	26.3	8.9	2.5	10.0	(3)
Sports		100.0%	-	42.4	47.2	7.1	3.3	(6)
Accommodations		100.0%	-	22.5	32.1	2.5	42.9	(4)
Slide		100.0%	-	27.3	12.4	6.9	53.4	(3)
Other		100.0%	11.4	31.4	28.6	8.6	20.0	(3)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
MIDWEST SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$10.28	100.0%	- %	19.6%	7.0%	3.0%	70.4%	(12)
Ski School	1.32	100.0%	-	35.2	9.8	5.1	49.9	(11)
Food Service	2.66	100.0%	35.8	21.9	6.8	3.8	31.7	(11)
Bar	1.21	100.0%	27.8	17.2	11.0	3.7	40.3	(10)
Retail	1.74	100.0%	60.2	15.0	3.7	1.7	19.4	(7)
Rental	2.91	100.0%	12.0[b]	15.8	3.2	2.3	66.7	(12)
Accommodations	-	100.0%	-	16.8	44.1	4.0	35.1	(5)
Other	.61	100.0%	2.9	8.6	2.3	1.6	84.6	(10)
	$20.73							
YEAR ROUND:								
Real Estate		100.0%	31.9	0.0	0.0	0.0	68.1	(1)
Utility		-	-	-	-	-	-	(0)
Miscellaneous		100.0%	0.0	0.0	0.0	0.0	100.0	(7)
SUMMER SEASON:								
Lift Department		-	-	-	-	-	-	(0)
Food Service		100.0%	36.3	26.3	5.8	6.5	25.1	(4)
Retail		100.0%	-	-	-	-	-	(0)
Sports		100.0%	-	13.9	11.7	2.1	72.3	(2)
Accommodations		100.0%	-	18.3	56.3	3.4	22.0	(2)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	11.3	30.2	32.1	3.8	22.6	(2)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
CENTRAL ROCKIES SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$16.83	100.0%	- %	18.0%	10.9%	3.7%	67.4%	(21)
Ski School	2.51	100.0%	-	53.1	5.5	11.9	29.5	(21)
Food Service	3.06	100.0%	29.4	28.9	14.7	4.9	22.1	(14)
Bar	.63	100.0%	25.5	22.5	10.3	3.5	38.2	(12)
Retail	1.31	100.0%	53.5	11.5	6.2	2.6	26.2	(15)
Rental	1.56	100.0%	10.6[b]	21.8	10.4	4.1	53.1	(16)
Accommodations	-	100.0%	-	45.5	21.7	7.8	25.0	(3)
Other	.61	100.0%	8.4	35.5	25.3	7.6	23.2	(20)
	$26.51							
YEAR ROUND:								
Real Estate		100.0%	27.4	28.9	23.8	4.1	15.8	(3)
Utility		100.0%	-	14.3	109.3	39.8	(63.4)	(2)
Miscellaneous		100.0%	0.0	0.0	35.3	0.0	64.7	(15)
SUMMER SEASON:								
Lift Department		100.0%	-	209.8	95.9	36.6	(242.3)	(4)
Food Service		100.0%	38.0	70.8	48.7	11.8	(69.3)	(6)
Retail		100.0%	66.0	20.1	21.2	3.5	(10.8)	(4)
Sports		100.0%	-	70.1	54.5	22.4	(47.0)	(2)
Accommodations		100.0%	-	119.7	48.8	21.7	(90.2)	(3)
Slide		100.0%	-	32.9	12.3	6.7	48.1	(3)
Other		100.0%	0.0	81.8	40.9	9.1	(31.8)	(2)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
NORTHERN ROCKIES SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$13.75	100.0%	- %	18.5%	12.3%	3.4%	65.8%	(14)
Ski School	2.08	100.0%	-	53.2	6.8	9.8	30.2	(11)
Food Service	3.65	100.0%	36.4	27.8	14.6	5.6	15.6	(9)
Bar	.61	100.0%	32.7	21.9	10.6	4.6	30.2	(7)
Retail	.84	100.0%	52.3	10.1	2.0	1.9	33.7	(7)
Rental	1.59	100.0%	13.4[b]	22.7	8.1	3.6	52.2	(8)
Accommodations	-	100.0%	-	23.0	22.8	3.9	50.3	(2)
Other	.40	100.0%	0.0	13.4	38.1	1.9	46.6	(10)
	$22.92							
YEAR ROUND:								
Real Estate		100.0%	79.5	2.5	0.0	0.6	17.4	(1)
Utility		100.0%	-	32.4	35.2	5.4	27.0	(2)
Miscellaneous		100.0%	22.4	4.4	1.8	0.5	70.9	(7)
SUMMER SEASON:								
Lift Department		100.0%	-	51.7	31.8	9.8	6.7	(3)
Food Service		100.0%	32.8	66.7	29.5	11.8	(40.8)	(3)
Retail		100.0%	50.0	100.0	0.0	50.0	(100.0)	(1)
Sports		-	-	-	-	-	-	(0)
Accommodations		100.0%	-	100.0	50.0	25.0	(75.0)	(1)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	-	-	-	-	100.0	(3)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA--DEPARTMENTAL MARGIN
CALIFORNIA/NEVADA SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$18.89	100.0%	- %	16.1%	8.9%	4.4%	70.6%	(17)
Ski School	1.75	100.0%	-	50.6	4.1	16.4	28.9	(15)
Food Service	3.72	100.0%	38.2	30.1	6.5	6.7	18.5	(15)
Bar	1.05	100.0%	27.5	16.1	5.3	3.9	47.2	(10)
Retail	2.17	100.0%	53.7	9.7	2.9	2.2	31.5	(10)
Rental	1.57	100.0%	18.4[b]	21.3	3.8	4.6	51.9	(15)
Accommodations	-	100.0%	-	37.0	20.8	8.8	33.4	(8)
Other	1.13	100.0%	1.9	30.5	18.6	6.6	42.4	(14)
	$30.28							
YEAR ROUND:								
Real Estate		100.0%	63.1	9.8	8.7	2.2	16.2	(2)
Utility		100.0%	-	24.1	89.9	5.9	(19.9)	(2)
Miscellaneous		100.0%	0.0	4.8	0.0	0.7	94.5	(7)
SUMMER SEASON:								
Lift Department		100.0%	-	28.7	12.1	7.0	52.2	(4)
Food Service		100.0%	39.6	64.3	12.2	16.5	(32.6)	(5)
Retail		100.0%	51.4	25.0	8.6	4.9	10.1	(4)
Sports		100.0%	-	27.0	18.9	7.7	46.4	(1)
Accommodations		100.0%	-	94.7	71.7	25.0	(91.4)	(5)
Slide		-	-	-	-	-	-	(0)
Other		100.0%	5.7	35.3	58.4	8.4	(7.8)	(4)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
PACIFIC NORTHWEST SKI AREAS, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$11.30	100.0%	- %	19.2%	10.1%	4.5%	66.2%	(10)
Ski School	.92	100.0%	-	47.4	17.2	10.5	24.9	(10)
Food Service	1.09	100.0%	32.8	23.0	10.4	5.1	28.7	(10)
Bar	1.11	100.0%	25.5	20.8	9.0	4.7	40.0	(9)
Retail	1.24	100.0%	51.1	11.5	2.1	3.8	31.5	(5)
Rental	1.40	100.0%	14.4[b]	20.9	7.3	4.0	53.4	(6)
Accommodations	-	100.0%	-	23.9	13.2	4.0	58.9	(3)
Other	.30	100.0%	8.6	61.9	55.7	14.7	(40.9)	(6)
	$17.36							
YEAR ROUND:								
Real Estate		-	-	-	-	-	-	(0)
Utility		100.0%	-	112.1	220.3	14.9	(247.3)	(2)
Miscellaneous		100.0%	-	-	0.7	34.1	65.2	(7)
SUMMER SEASON:								
Lift Department		100.0%	-	63.8	92.9	10.6	(67.3)	(3)
Food Service		100.0%	27.4	31.4	13.1	5.9	22.2	(4)
Retail		100.0%	45.0	11.4	0.6	2.2	40.8	(2)
Sports		100.0%	-	77.3	45.5	13.6	(36.4)	(1)
Accommodations		100.0%	-	16.3	12.8	3.2	67.7	(2)
Slide		-	-	-	-	-	-	(0)
Other		-	-	-	-	-	-	(0)

[a]Calculations restricted to ski areas having departments listed above.
[b]Represents retirement and replacement of rental equipment.

TABLE 60 (Continued)

AVERAGE SKI AREA FINANCIAL DATA–DEPARTMENTAL MARGIN
WESTERN CANADA, 1986-87

	Gross Sales		Less: Cost of Goods Sold	Direct Labor	Direct Other	Payroll Taxes	Gross Margin	Base
	Per S-V[a]	%						
WINTER SEASON:								
Ski Lift Dept.	$15.45	100.0%	- %	19.3%	13.5%	1.2%	66.0%	(22)
Ski School	1.50	100.0%	-	47.3	15.1	3.6	34.0	(15)
Food Service	4.02	100.0%	35.5	28.2	14.2	1.7	20.4	(21)
Bar	1.64	100.0%	32.7	24.7	12.9	1.3	28.4	(17)
Retail	.72	100.0%	51.9	14.1	9.2	1.7	23.1	(11)
Rental	1.45	100.0%	21.3[b]	21.7	5.7	1.4	49.9	(12)
Accommodations	-	100.0%	-	26.2	50.9	0.5	22.4	(4)
Other	.46	100.0%	7.2	24.1	34.2	0.7	33.8	(17)
	$25.24							
YEAR ROUND:								
Real Estate		100.0%	62.4	14.8	32.3	2.4	(11.9)	(3)
Utility		100.0%	-	73.1	150.0	1.9	(125.0)	(2)
Miscellaneous		100.0%	0.5	2.0	3.8	7.8	85.9	(9)
SUMMER SEASON:								
Lift Department		100.0%	-	62.7	45.5	5.8	(14.0)	(4)
Food Service		100.0%	39.7	38.7	13.2	1.6	6.8	(4)
Retail		100.0%	68.7	33.5	33.0	7.9	(43.1)	(2)
Sports		-	-	-	-	-	-	(0)
Accommodations		100.0%	-	42.9	40.0	1.7	15.4	(1)
Slide		100.0%	-	78.9	7.9	7.9	5.3	(1)
Other		100.0%	21.9	27.6	29.6	3.5	17.4	(6)

[a] Calculations restricted to ski areas having departments listed above.
[b] Represents retirement and replacement of rental equipment.

VIII

CHARACTERISTICS BY SIZE; DAY, WEEKEND, AND VACATION SKI AREAS; AND LENGTH OF SKI SEASON

Several additional computer runs provide the same data by other distinct categories. This chapter presents this data with a brief discussion of relevant findings. Because of the large number of tables, they follow the text.

Characteristics by Size

Tables 61 through 67 contain all the various statistics by ski area size. Categories divide ski areas by total VTF/hour into five increments. The category "under 2,500" contains the smallest areas while "10,000+" has the giants.

Characteristics by Day, Weekend, Vacation and Weekend Only Areas

Tables 68 through 74 contain the statistics by ski area type. This category refers to areas designed to serve different markets. Areas may be defined as day use oriented where skiers commute from home for the day; weekend use oriented where skiers typically spend one or two overnights at the areas, typically on weekend outings; and vacation use oriented where average stays are four days or more. Operating profit on GFA is best this year at day areas. Day areas also reported the highest percentage profit before taxes. The vacation areas showed the largest dollar profit before taxes.

Characteristics by Length of Ski Season

Ski areas are characteristically high fixed cost operations with heavy investment in fixed assets and a relatively short operating season. Thus the length of the ski season tends to be a critical variable to profitability. Table 76 shows this information and is set up by days an area was open during the season. Days/nights of operation figures shown in these tables are the equivalent days/nights of full operation as discussed in Table 15. This explains why areas under the "less than 80 days" can equal 87. These areas were open an average of 72 actual days but with their night operations this was equivalent to 87 days of full operation.

TABLE 61

AVERAGE SKI AREA CHARACTERISITICS–BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SIZE					
VTF/Hour (000)	1,620	3,048	4,763	7,456	18,262
Gross Fixed Assets (000)	$3,601	$4,343	$5,779	$10,895	$27,414
Skiable Acres	114	272	631	590	1,502
Total Acres	352	723	1,453	1,797	4,111
LOCATION					
Within 50 Miles of SMSA	55%	32%	43%	38%	17%
With 6+ Areas in 1 Hour	14%	18%	14%	31%	45%
New England	10%	14%	5%	22%	21%
East	17%	27%	9%	13%	3%
Midwest	35%	9%	0%	0%	0%
Central Rockies	3%	23%	14%	9%	31%
Northern Rockies	3%	9%	14%	22%	3%
California & Nevada	7%	5%	14%	13%	24%
Pacific Northwest	3%	9%	14%	6%	7%
Western Canada	21%	5%	32%	13%	10%
SITE CHARACTERISTICS					
Number of Beds at Base[a]	238	211	372	1,261	4,357
Number of Beds (10 Miles)[a]	1,834	1,132	2,122	3,748	9,889
With Snowmaking	79%	59%	50%	63%	79%
With Night Skiing	72%	59%	50%	34%	17%
Terrain: Beginner	27%	26%	22%	25%	23%
Intermediate	48%	47%	52%	48%	47%
Expert	25%	27%	26%	27%	31%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	33%	83%	61%	72%	75%
Engaged in Land Development	17%	27%	36%	47%	66%
OPERATIONAL CHARACTERISTICS					
Average Days/Nights of Operation	121	118	127	131	127
Average Peak Day Crowd	1,662	2,928	3,229	5,044	9,081
Average Skier Visits (000)	61	120	121	234	469
Average Age of Ski Areas	26 years	30 years	24 years	30 years	29 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$14.43	$17.06	$16.18	$18.09	$21.10
Average Lift Ticket Revenue/S-V	$ 9.73	$12.68	$13.18	$15.36	$18.12
(Weekend)	$19.39	$20.18	$21.23	$22.16	$24.16
(Weekday)	$14.94	$17.33	$19.64	$20.48	$25.66
Average Night Ticket Price:					
(Weekend)	$12.07	$13.18	$12.30	$14.50	$11.50
(Weekday)	$11.19	$12.38	$11.80	$13.85	$10.63
Average Adult Season Ticket Price	$ 256	$ 309	$ 371	$ 452	$ 505
Average Utilization	46.6%	49.6%	30.0%	35.8%	29.2%
Avg. Profit (Loss) Before Tax (000)	$ 18	$ 310	$ (23)	$ 534	$ (269)
Ratio: Revenue/GFA	32.1%	51.9%	36.5%	43.3%	37.8%
Base	(29)	(22)	(22)	(32)	(29)

[a]For those areas reporting beds.

TABLE 62

ECONOMIC RATIOS–BY SIZE (000) VTF/HOUR)

	Key	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
VTF/Hour (000)	A	1,620	3,048	4,763	7,456	18,262
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	1,080	2,032	3,175	4,970	12,175
Days/Nights of Operation	D	121	118	127	131	127
Season Capacity (000)	E	131	242	404	653	1,606
Day Ski Capacity (000)		102	192	367	583	1,567
Night Ski Capacity (000)		40	85	83	222	229
Actual Skier Visits (000)	F	61	120	121	234	469
Day Ski Visits (000)		49	93	113	218	460
Night Ski Visits (000)		19	54	23	70	136
Profit (Loss) Before Tax (000)	G	$ 18	$ 310	$ (23)	$ 534	$ (269)
Plus: Depreciation (000)	H	$ 167	$ 265	$ 332	$ 641	$ 1,875
Before Tax Cash Flow (000)	I	$ 185	$ 575	$ 309	$ 1,175	$ 1,606
Operating Profit (Loss) (000)	J	$ 120	$ 499	$ 158	$ 1,018	$ 759
Cash Operating Costs (000)	K	$ 869	$1,489	$1,618	$ 3,061	$ 6,727
Gross Fixed Assets (000)	L	$3,601	$4,343	$5,779	$10,895	$27,414
Long Term Debt (000)	M	$1,869	$2,326	$1,819	$ 3,761	$11,774
Equity (000)	N	$1,118	$ 307	$ 984	$ 2,791	$11,657
Critical Ratios						
1. Health (Debt to Cash Flow)		10.1X	4.1X	5.9X	3.2X	7.3X
Profitability:						
2. Operating Profit on GFA		3.3%	11.5%	2.7%	9.3%	2.8%
3. Profit (BT) on Equity		1.6%	101.0%	Loss	19.1%	Loss
Performance:						
4. Average Utilization		46.6%	49.6%	30.0%	35.8%	29.2%
Day Utilization		48.0%	48.4%	30.8%	37.4%	29.4%
Night Utilization		47.5%	63.5%	27.7%	31.5%	59.4%
5. Days/Nights of Operation		121	118	127	131	127
Policy & Planning:						
6. Capital/Capacity Ratio		$3,334	$2,137	$1,820	$2,192	$2,252
7. Operating/Capacity		$ 6.63	$ 6.15	$ 4.01	$ 4.69	$ 4.19
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		$ 9.73	$12.68	$13.18	$15.36	$18.12
Ski School Margin		$ .90	$ .87	$ .56	$ .35	$ .66
Food Service Margin		$ .88	$ .80	$ .54	$ .83	$ .75
Bar Margin		$ .54	$ .54	$ .44	$ .39	$ .32
Ski Shop Margin		$ .51	$ .31	$ .36	$ .44	$ .50
Ski Rental Margin		$ 1.44	$ 1.71	$ .98	$ .62	$ .54
Other Margin		$ .43	$ .15	$ .12	$ .10	$ .21
8. Total - Revenue/Skier Visit		$14.43	$17.06	$16.18	$18.09	$21.10
Base		(29)	(22)	(22)	(32)	(29)

TABLE 63

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,000 - 9,999 (000)	10,000+ (000)
Gross Fixed Assets	$3,601	$4,343	$5,779	$10,895	$27,414
Revenue:					
Ski Lift Gross - Winter	$ 592	$1,527	$1,588	$ 3,600	$ 8,507
Ski Lift Gross - Summer	2	6	109	33	94
Supporting Margin - Winter	434	547	408	737	1,555
Supporting Margin - Summer	108	150	49	32	(27)
Year Round Margin	20	23	(46)	318	242
TOTAL REVENUE	$1,156	$2,253	$2,108	$ 4,720	$10,371
Less:					
Ski Lift Direct Expense	$ 201	$ 414	$ 535	$ 982	$ 2,182
Payroll Taxes	20	39	57	117	287
Property Operation	57	157	68	224	454
OPERATIONS MARGIN	$ 878	$1,643	$1,448	$ 3,397	$ 7,448
Less:					
General & Administrative	$ 163	$ 309	$ 406	$ 524	$ 1,872
Marketing (advertising, public relations, promotion, etc.)	106	149	132	311	926
Insurance (property, liability)	115	194	199	385	777
Land Use Fees (public)	2	21	49	84	226
Land Use Fees (private)	6	9	13	13	18
Property Taxes	19	29	36	77	195
Other Taxes (except income)	8	29	4	19	68
Snowmaking	71	121	60	200	309
Snow Removal	9	3	17	5	34
Miscellaneous	92	15	42	120	389
Depreciation & Amortization	167	265	332	641	1,875
OPERATING PROFIT (LOSS)	$ 120	$ 499	$ 158	$ 1,018	$ 759
Less: Interest	102	189	181	484	1,028
PROFIT (LOSS) BEFORE TAX	$ 18	$ 310	$ (23)	$ 534	$ (269)
Base	(29)	(22)	(22)	(32)	(29)

TABLE 64

AVERAGE SKI AREA FINANCIAL DATA--INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Gross Fixed Assets				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	16.4%	35.2%	27.5%	33.0%	31.0%
Ski Lift Gross - Summer	0.1	0.1	1.9	0.3	0.3
Supporting Margin - Winter	12.1	12.6	7.1	6.8	5.7
Supporting Margin - Summer	3.0	3.5	0.8	0.3	(0.1)
Year Round Margin	0.5	0.5	(0.8)	2.9	0.9
TOTAL REVENUE	32.1%	51.9%	36.5%	43.3%	37.8%
Less:					
Ski Lift Direct Expense	5.6%	9.5%	9.3%	9.0%	8.0%
Payroll Taxes	0.6	0.9	1.0	1.1	1.0
Property Operation	1.5	3.7	1.1	2.0	1.6
OPERATIONS MARGIN	24.4%	37.8%	25.1%	31.2%	27.2%
Less:					
General & Administrative	4.5%	7.1%	7.0%	4.8%	6.8%
Marketing (advertising, public relations, promotion, etc.)	2.9	3.4	2.3	2.9	3.4
Insurance (property, liability)	3.2	4.5	3.4	3.5	2.8
Land Use Fees (public)	0.1	0.5	0.8	0.8	0.8
Land Use Fees (private)	0.2	0.2	0.2	0.1	0.1
Property Taxes	0.5	0.7	0.6	0.7	0.7
Other Taxes (except income)	0.2	0.7	0.1	0.2	0.2
Snowmaking	2.0	2.8	1.0	1.8	1.1
Snow Removal	0.2	0.1	0.4	0.0	0.1
Miscellaneous	2.7	0.2	0.8	1.2	1.5
Depreciation & Amortization	4.6	6.1	5.8	5.9	6.9
OPERATING PROFIT (LOSS)	3.3%	11.5%	2.7%	9.3%	2.8%
Less: Interest	2.8	4.4	3.1	4.4	3.8
PROFIT (LOSS) BEFORE TAX	0.5%	7.1%	(0.4)%	4.9%	1.0%
Base	(29)	(22)	(22)	(32)	(29)

TABLE 65

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY SIZE (000 VTF/HOUR)

	Percent of Revenue				
	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
Revenue:					
Ski Lift Gross - Winter	51.2%	67.8%	75.3%	76.3%	82.0%
Ski Lift Gross - Summer	0.2	0.3	5.2	0.7	0.9
Supporting Margin - Winter	37.5	24.3	19.4	15.6	15.0
Supporting Margin - Summer	9.3	6.7	2.3	0.7	(0.3)
Year Round Margin	1.8	0.9	(2.2)	6.7	2.4
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	17.4%	18.4%	25.4%	20.8%	21.0%
Payroll Taxes	1.7	1.7	2.7	2.5	2.8
Property Operation	4.9	7.0	3.2	4.7	4.4
OPERATIONS MARGIN	76.0%	72.9%	68.7%	72.0%	71.8%
Less:					
General & Administrative	14.1%	13.7%	19.3%	11.1%	18.1%
Marketing (advertising, public relations, promotion, etc.)	9.2	6.6	6.3	6.6	8.9
Insurance (property, liability)	9.9	8.6	9.4	8.2	7.5
Land Use Fees (public)	0.2	0.9	2.3	1.8	2.2
Land Use Fees (private)	0.5	0.4	0.6	0.3	0.2
Property Taxes	1.6	1.3	1.7	1.6	1.9
Other Taxes (except income)	0.7	1.3	0.2	0.4	0.7
Snowmaking	6.1	5.4	2.8	4.2	3.0
Snow Removal	0.8	0.1	0.8	0.1	0.3
Miscellaneous	8.1	0.7	2.1	2.5	3.7
Depreciation & Amortization	14.4	11.8	15.7	13.6	18.0
OPERATING PROFIT (LOSS)	10.4%	22.1%	7.5%	21.6%	7.3%
Less: Interest	8.8	8.3	8.6	10.3	9.9
PROFIT (LOSS) BEFORE TAX	1.6%	13.8%	(1.1)%	11.3%	(2.6)%
Base	(29)	(22)	(22)	(32)	(29)

TABLE 66

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY SIZE (000 VTF/HOUR)

	Under 2,500	2,500 - 3,999	4,000 - 5,499	5,500 - 9,999	10,000+
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	8.4%	7.3%	5.8%	4.3%	4.8%
Ski Patrol Payroll	2.3	2.2	2.3	2.4	2.7
Slope Maintenance Payroll	1.8	1.7	2.3	1.6	2.3
Maintenance & Repair Payroll	4.2	3.0	4.7	2.9	3.0
Ticket Sales Payroll	2.2	1.1	1.5	0.9	1.2
Other Payroll	1.6	1.9	2.0	1.5	0.9
TOTAL PAYROLL	20.5%	17.2%	18.6%	13.6%	14.9%
PAYROLL TAXES	2.8%	2.5%	2.9%	3.0%	3.3%
OTHER DIRECT	11.2%	10.9%	9.3%	9.1%	9.6%
TOTAL DIRECT	34.5%	30.6%	30.8%	25.7%	27.8%
GROSS MARGIN	65.5%	69.4%	69.2%	74.3%	72.2%
Base	(16)	(14)	(16)	(22)	(23)

TABLE 67

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEETS
BY SIZE (000 VTF/HOUR)

	Under 2,500 (000)	2,500 - 3,999 (000)	4,000 - 5,499 (000)	5,500 - 9,999 (000)	10,000+ (000)
Assets					
Current Assets	$ 354	$ 415	$ 500	$ 1,559	$ 4,077
Gross Fixed Assets	3,566	4,340	5,779	10,328	27,414
Less: Depreciation	(1,527)	(1,705)	(2,653)	(4,257)	(10,171)
Other Assets	1,395	947	337	675	5,333
TOTAL ASSETS	$3,788	$3,997	$3,963	$ 8,305	$26,653
Liabilities & Net Worth					
Current Liabilities	$ 323	$ 491	$ 588	$ 1,267	$ 2,419
Long-Term Debt	1,757	1,154	1,516	3,125	9,729
Subordinated Debt	112	1,172	303	636	2,045
Deferred Taxes	402	16	89	240	310
Other Liabilities	76	857	483	246	493
Net Worth					
Invested	461	626	1,786	1,398	9,287
Retained Earnings	670	(318)	(794)	1,428	2,420
Less Treasury Stock	(13)	(1)	(8)	(35)	(50)
TOTAL LIABILITIES & NET WORTH	$3,788	$3,997	$3,963	$ 8,305	$26,653
Base	(25)	(19)	(22)	(31)	(29)

TABLE 68

AVERAGE SKI AREA CHARACTERISTICS–BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SIZE			
VTF/Hour (000)	4,443	9,094	12,177
Gross Fixed Assets (000)	$5,813	$12,211	$20,826
Skiable Acres	448	853	876
Total Acres	1,043	1,871	3,143
LOCATION			
Within 50 Miles of SMSA	49%	23%	23%
With 6+ Areas in 1 Hour	21%	31%	31%
New England	8%	27%	20%
East	15%	12%	11%
Midwest	15%	4%	0%
Central Rockies	10%	12%	31%
Northern Rockies	11%	12%	9%
California & Nevada	15%	15%	6%
Pacific Northwest	12%	4%	0%
Western Canada	14%	15%	23%
SITE CHARACTERISTICS			
Number of Beds at Base[a]	329	3,329	2,264
Number of Beds (10 Miles)[a]	1,466	6,232	7,127
With Snowmaking	59%	65%	86%
With Night Skiing	62%	42%	14%
Terrain: Beginner	24%	25%	25%
Intermediate	49%	47%	47%
Expert	27%	28%	28%
BUSINESS CHARACTERISTICS			
Operating With USFS Permit	78%	63%	57%
Engaged in Land Development	25%	50%	63%
OPERATIONAL CHARACTERISTICS			
Average Days/Nights of Operation	122	133	127
Average Peak Day Crowd	3,455	5,118	6,374
Average Skier Visits (000)	135	239	346
Average Age of Ski Areas	27 years	29 years	29 years
ECONOMIC CHARACTERISTICS			
Average Revenue/Skier Visit	$16.25	$19.53	$21.04
Average Lift Ticket Revenue/S-V	$12.95	$16.62	$17.90
Avg. Adult Lift Ticket Price (Weekend)	$19.80	$22.67	$24.23
Avg. Adult Lift Ticket Price (Weekday)	$17.12	$20.81	$24.62
Average Night Ticket Price (Weekend)	$12.53	$12.78	$14.40
Average Night Ticket Price (Weekday)	$11.88	$12.06	$13.00
Average Adult Season Ticket Price	$ 329	$ 429	$ 475
Average Utilization	36.9%	28.5%	32.7%
Average Profit (Loss) Before Tax	$ 199	$ (339)	$ 298
Ratio: Revenue/GFA	39.7%	42.3%	38.3%
Base	(73)	(26)	(35)

[a]For those areas reporting beds.

TABLE 69

ECONOMIC RATIOS–BY TYPE OF SKI AREA

	Key	Day	Weekend	Vacation	Your Ski Area
VTF/Hour (000)	A	4,443	9,094	12,177	_____
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	_____
Skier Capacity	C	2,962	6,063	8,118	_____
Days/Nights of Operation	D	122	133	127	_____
Season Capacity (000)	E	366	839	1,057	_____
Day Season Capacity (000)		306	780	1,048	_____
Night Season Capacity (000)		98	139	80	_____
Actual Skier Visits (000)	F	135	239	346	_____
Day Skier Visits (000)		119	222	350	_____
Night Skier Visits (000)		39	40	34	_____
Profit (Loss) Before Tax (000)	G	$ 199	$ (339)	$ 298	$_____
Plus: Depreciation (000)	H	$ 349	$ 880	$ 1,272	$_____
Before Tax Cash Flow (000)	I	$ 548	$ 541	$ 1,570	$_____
Operating Profit (Loss) (000)	J	$ 376	$ 212	$ 1,129	$_____
Cash Operating Costs (000)	K	$1,580	$ 4,069	$ 5,268	$_____
Gross Fixed Assets (000)	L	$5,813	$12,211	$20,826	$_____
Secured Debt (000)	M	$1,987	$ 3,755	$10,647	$_____
Equity (000)	N	$1,297	$ 4,269	$ 8,423	$_____
Critical Ratios					
1. Health (Debt to Cash Flow)		3.6X	6.9X	6.8X	_____X
Profitability:					
2. Operating Profit on GFA		6.5%	1.7%	5.4%	_____%
3. Profit (BT) on Equity		15.3%	Loss	3.5%	_____%
Performance:					
4. Average Utilization		36.9%	28.5%	32.7%	_____%
Day Utilization		38.9%	28.5%	33.4%	_____
Night Utilization		39.8%	28.8%	42.5%	_____
5. Day/Nights of Operation		122	133	127	_____
Policy & Planning:					
6. Capital/Capacity Ratio		$1,963	$2,014	$2,565	$_____
7. Operating/Capacity Ratio		$ 4.32	$ 4.85	$ 4.98	$_____
Revenue/Skier Visit:					
Ski Lift Gross		$12.95	$16.62	$17.90	$_____
Ski School Margin		$ .57	$ .42	$ .72	$_____
Food Service Margin		$ .73	$ .63	$ .86	$_____
Bar Margin		$ .44	$ .33	$ .37	$_____
Ski Shop Margin		$ .31	$ .51	$ .53	$_____
Ski Rental Margin		$ 1.08	$ .68	$ .56	$_____
Other Margin		$ .17	$ .34	$ .10	$_____
8. Total - Revenue/Skier Visit		$16.25	$19.53	$21.04	$_____
Base		(73)	(26)	(35)	

TABLE 70

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)	Your Ski Area
Gross Fixed Assets	$5,813	$12,211	$20,826	$_____
Revenue:				
Ski Lift Gross - Winter	$1,749	$ 3,968	$ 6,192	$_____
Ski Lift Gross - Summer	31	84	55	_____
Supporting Margin - Winter	462	807	1,358	_____
Supporting Margin - Summer	29	181	26	_____
Year Round Margin	34	121	336	_____
TOTAL REVENUE	$2,305	$ 5,161	$ 7,967	$_____
Less:				
Ski Lift Direct Expense	$ 542	$ 983	$ 1,608	$_____
Payroll Taxes	58	133	203	_____
Property Operation	90	299	360	_____
OPERATIONS MARGIN	$1,615	$ 3,746	$ 5,796	$_____
Less:				
General & Administrative	$ 314	$ 1,178	$ 1,086	$_____
Marketing (advertising, public relations, promotion, etc.)	133	347	781	_____
Insurance (property, liability)	207	566	485	_____
Land Use Fees (public)	30	82	186	_____
Land Use Fees (private)	9	4	25	_____
Property Taxes	40	89	138	_____
Other Taxes (except income)	16	19	54	_____
Snowmaking	95	166	288	_____
Snow Removal	13	9	20	_____
Miscellaneous	33	194	332	_____
Depreciation & Amortization	349	880	1,272	_____
OPERATING PROFIT (LOSS)	$ 376	$ 212	$ 1,129	$_____
Less: Interest	177	551	831	_____
PROFIT (LOSS) BEFORE TAX	$ 199	$ (339)	$ 298	$_____
Base	(73)	(26)	(35)	

TABLE 71

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Gross Fixed Assets			
	Day	Weekend	Vacation	Your Ski Area
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%
Revenue:				
Ski Lift Gross - Winter	30.1%	32.5%	29.7%	____ %
Ski Lift Gross - Summer	0.5	0.7	0.3	____
Supporting Margin - Winter	7.9	6.6	6.5	____
Supporting Margin - Summer	0.5	1.5	0.1	____
Year Round Margin	0.7	1.0	1.7	____
TOTAL REVENUE	39.7%	42.3%	38.3%	____ %
Less:				
Ski Lift Direct Expense	9.3%	8.1%	7.7%	____ %
Payroll Taxes	1.0	1.1	1.0	____
Property Operation	1.6	2.4	1.8	____
OPERATIONS MARGIN	27.8%	30.7%	27.8%	____ %
Less:				
General & Administrative	5.4%	9.6%	5.2%	____ %
Marketing (advertising, public relations, promotion, etc.)	2.3	2.8	3.8	____
Insurance (property, liability)	3.6	4.6	2.3	____
Land Use Fees (public)	0.5	0.7	0.9	____
Land Use Fees (private)	0.2	0.0	0.1	____
Property Taxes	0.7	0.7	0.7	____
Other Taxes (except income)	0.3	0.2	0.3	____
Snowmaking	1.6	1.4	1.4	____
Snow Removal	0.2	0.1	0.1	____
Miscellaneous	0.5	1.7	1.5	____
Depreciation & Amortization	6.0	7.2	6.1	____
OPERATING PROFIT (LOSS)	6.5%	1.7%	5.4%	____ %
Less: Interest	3.1	4.5	4.0	____
PROFIT (LOSS) BEFORE TAX	3.4%	(2.8)%	1.4%	____ %
Base	(73)	(26)	(35)	

TABLE 72

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY TYPE OF SKI AREA

	Percent of Revenue			
	Day	Weekend	Vacation	Your Ski Area
Revenue:				
Ski Lift Gross - Winter	75.9%	77.0%	77.7%	_____ %
Ski Lift Gross - Summer	1.3	1.6	0.7	_____
Supporting Margin - Winter	20.0	15.6	17.0	_____
Supporting Margin - Summer	1.3	3.5	0.3	_____
Year Round Margin	1.5	2.3	4.3	_____
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%
Less:				
Ski Lift Direct Expense	23.5%	19.0%	20.2%	_____ %
Payroll Taxes	2.5	2.6	2.5	_____
Property Operation	3.9	5.8	4.5	_____
OPERATIONS MARGIN	70.1%	72.6%	72.8%	_____ %
Less:				
General & Administrative	13.6%	22.8%	13.6%	_____ %
Marketing (advertising, public relations, promotion, etc.)	5.8	6.7	9.8	_____
Insurance (property, liability)	9.0	11.0	6.1	_____
Land Use Fees (public)	1.3	1.6	2.3	_____
Land Use Fees (private)	0.4	0.1	0.3	_____
Property Taxes	1.7	1.7	1.7	_____
Other Taxes (except income)	0.7	0.4	0.7	_____
Snowmaking	4.1	3.2	3.6	_____
Snow Removal	0.6	0.2	0.3	_____
Miscellaneous	1.5	3.7	4.2	_____
Depreciation & Amortization	15.1	17.1	16.0	_____
OPERATING PROFIT (LOSS)	16.3%	4.1%	14.2%	_____ %
Less: Interest	7.7	10.7	10.5	_____
PROFIT (LOSS) BEFORE TAX	8.6%	(6.6)%	3.7%	_____ %
Base	(79)	(26)	(35)	

TABLE 73

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY TYPE OF SKI AREA

	Day	Weekend	Vacation
SKI LIFT GROSS			
Revenue (Winter)	100.0%	100.0%	100.0%
LESS:			
Ski Lift Payroll	6.3%	4.7%	4.6%
Ski Patrol Payroll	2.1	2.5	2.8
Slope Maintenance Payroll	2.4	1.8	2.0
Maintenance & Repair Payroll	3.5	3.5	2.9
Ticket Sales Payroll	1.2	1.2	1.2
Other Payroll	1.6	1.2	1.0
TOTAL PAYROLL	17.1%	14.9%	14.5%
PAYROLL TAXES	3.0%	3.0%	3.2%
OTHER DIRECT	11.0%	10.5%	8.7%
TOTAL DIRECT	31.1%	28.4%	26.4%
GROSS MARGIN	68.7%	71.6%	73.6%
Base	(46)	(17)	(29)

TABLE 74

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY TYPE OF SKI AREA

	Day (000)	Weekend (000)	Vacation (000)
Assets			
Current Assets	$ 691	$ 1,952	$ 2,916
Gross Fixed Assets	5,962	12,559	20,601
Less: Depreciation	(2,768)	(5,694)	(6,708)
Other Assets	328	1,961	4,852
TOTAL ASSETS	$4,213	$10,778	$21,661
Liabilities & Net Worth			
Current Liabilities	$ 527	$ 1,538	$ 1,941
Long-Term Debt	1,322	3,497	8,890
Subordinated Debt	665	258	1,757
Deferred Taxes	93	164	542
Other Liabilities	309	1,052	108
Net Worth			
Invested	1,048	3,613	6,318
Retained Earnings	257	695	2,150
Less: Treasury Stock	(8)	(39)	(45)
TOTAL LIABILITIES & NET WORTH	$4,213	$10,778	$21,661
Base	(67)	(25)	(34)

TABLE 75

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SIZE						
VTF/Hour (000)	1,430	3,069	4,695	7,550	10,858	12,084
Gross Fixed Assets (000)	$1,454	$4,009	$6,632	$10,453	$16,692	$22,281
Skiable Acres	37	223	472	738	898	852
Total Acres	121	585	1,038	2,048	2,522	2,834
LOCATION						
Within 50 Miles of SMSA	10%	39%	42%	50%	20%	9%
With 6+ Areas in 1 Hour	0%	17%	26%	21%	28%	55%
New England	0%	6%	10%	18%	19%	27%
East	50%	28%	23%	9%	3%	0%
Midwest	50%	22%	10%	9%	0%	0%
Central Rockies	0%	0%	10%	21%	22%	27%
Northern Rockies	0%	11%	7%	9%	7%	9%
California & Nevada	0%	22%	23%	9%	6%	9%
Pacific Northwest	0%	0%	16%	6%	6%	9%
Western Canada	0%	11%	3%	21%	28%	18%
SITE CHARACTERISTICS						
Number of Beds at Base[a]	0	160	688	1,007	3,355	1,820
Number of Beds (10 Miles)[a]	975	1,865	2,739	4,596	5,382	8,065
With Snowmaking	100%	61%	65%	79%	58%	64%
With Night Skiing	100%	67%	58%	47%	25%	18%
Terrain: Beginner	28%	23%	24%	25%	25%	27%
Intermediate	48%	51%	46%	59%	48%	49%
Expert	25%	26%	31%	26%	27%	24%
BUSINESS CHARACTERISTICS						
Operating With USFS Permit	0%	33%	45%	74%	61%	70%
Engaged in Land Development	0%	17%	32%	41%	61%	36%

TABLE 75 (Continued)

AVERAGE SKI AREA CHARACTERISTICS–BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
OPERATIONAL CHARACTERISTICS						
Average Days/Nights of Operation	87	98	106	141	135	160
Average Peak Day Crowd	1,673	2,519	3,679	4,580	5,695	7,417
Average Skier Visits (000)	37	78	137	193	296	419
Average Age of Ski Areas	20 years	28 years	27 years	27 years	27 years	37 years
ECONOMIC CHARACTERISTICS						
Average Revenue/Skier Visit	$20.50	$18.35	$18.68	$18.37	$18.88	$21.24
Average Lift Ticket Revenue/Skier Visit	$12.73	$12.76	$15.17	$15.29	$16.34	$17.46
Average Adult Lift Ticket Price						
(Weekend)	$22.75	$20.29	$21.06	$21.16	$22.31	$22.91
(Weekday)	$14.75	$16.70	$18.77	$20.15	$21.56	$22.09
Average Night Ticket Price						
(Weekend)	$12.50	$14.21	$12.06	$14.08	$10.86	$10.00
(Weekday)	$11.13	$13.15	$11.09	$13.42	$10.75	$10.00
Average Adult Season Ticket Price	$ 263	$ 290	$ 347	$ 414	$ 442	$ 389
Average Utilization	46%	40%	42%	30%	30%	33%
Average Profit (Loss) Before Tax	$ 29	$ (155)	$ 225	$ 247	$ (362)	$1,497
Ratio: Revenue/GFA	53%	35%	45%	42%	35%	44%
Base	(4)	(18)	(31)	(34)	(36)	(11)

[a]Average for those areas reporting beds.

TABLE 76

ECONOMIC RATIOS–BY LENGTH OF SEASON

	Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
VTF/Hour (000)	A	1,430	3,069	4,695	7,550	10,858	12,084
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	953	2,046	3,130	5,033	7,239	8,056
Days/Nights of Operation	D	87	98	106	141	135	160
Season Capacity (000)	E	81	194	325	642	988	1,291
Day Season Capacity (000)		49	149	287	557	963	1,272
Night Season Capacity (000)		32	67	65	209	116	107
Actual Skier Visits (000)	F	37	78	137	193	296	419
Day Skier Visits (000)		27	57	124	191	289	416
Night Skier Visits (000)		17	32	28	65	33	18
Profit (Loss) Before Tax (000)	G	$ 29	$ (155)	$ 225	$ 247	$ (362)	$ 1,497
Plus: Depreciation (000)	H	$ 79	$ 285	$ 465	$ 585	$ 1,053	$ 1,379
Before Tax Cash Flow (000)	I	$ 108	$ 130	$ 690	$ 832	$ 691	$ 2,876
Operating Profit (Loss) (000)	J	$ 82	$ 0	$ 402	$ 603	$ 474	$ 2,016
Cash Operating Costs (000)	K	$ 605	$1,119	$1,943	$ 3,037	$ 4,417	$ 6,440
Gross Fixed Assets (000)	L	$1,454	$4,009	$6,632	$10,453	$16,692	$22,281
Long Term Debt (000)	M	$ 291	$1,511	$1,471	$ 4,320	$ 8,452	$ 8,295
Equity (000)	N	$ 516	$ 250	$2,362	$ 2,212	$ 7,299	$ 7,588
Critical Ratios							
1. Health (Debt to Cash Flow)		2.7X	11.6X	2.1X	5.2X	12.2X	2.9X
Profitability:							
2. Operating Profit on GFA		5.6%	-	6.1%	5.8%	2.8%	9.1%
3. Profit (Before Tax) on Equity		5.6%	Loss	9.5%	11.2%	Loss	19.7%
Performance:							
4. Average Utilization		45.7%	40.2%	42.2%	30.1%	30.0%	32.5%
Day Utilization		55.1%	38.3%	43.2%	34.3%	30.0%	32.7%
Night Utilization		53.1%	47.8%	43.1%	31.1%	28.5%	16.8%

TABLE 76 (Continued)

ECONOMIC RATIOS–BY LENGTH OF SEASON

Key	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
5. Days/Nights of Operation	87	98	106	141	135	160
Policy & Planning:						
6. Capital/Capacity Ratio	$ 869	$1,959	$2,119	$2,077	$2,306	$2,766
7. Operating/Capacity Ratio	$ 7.47	$ 5.77	$ 5.98	$ 4.73	$ 4.47	$ 4.99
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross	$12.73	$12.76	$15.17	$15.29	$16.34	$17.46
Ski School Margin	$ 1.00	$ .86	$ .55	$ .64	$ .58	$ .55
Food Service Margin	$ 1.21	$ .73	$ .88	$ .66	$ .64	$ 1.11
Bar Margin	$ .27	$ .50	$ .40	$ .44	$ .27	$ .53
Ski Shop Margin	$ .48	$ .58	$ .31	$ .39	$ .41	$ .73
Ski Rental Margin	$ 3.69	$ 1.71	$ 1.26	$ .77	$ .42	$ .75
Other Margin	$ 1.12	$ 1.21	$ .11	$ .18	$ .22	$ .11
8. Total - Revenue/Skier Visit	$20.50	$18.35	$18.68	$18.37	$18.88	$21.24
Base	(4)	(18)	(31)	(34)	(36)	(11)

TABLE 77

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Gross Fixed Assets	$1,454	$4,009	$6,305	$9,986	$17,019	$22,281
Revenue:						
Ski Lift Gross - Winter	$ 475	$ 990	$2,073	$3,200	$ 4,841	$ 7,319
Ski Lift Gross - Summer	0	0	10	100	46	92
Supporting Margin - Winter	290	361	530	763	851	1,960
Supporting Margin - Summer	0	41	106	117	(16)	33
Year Round Margin	1	12	91	45	222	431
TOTAL REVENUE	$ 766	$1,404	$2,810	$4,225	$ 5,944	$ 9,835
Less:						
Ski Lift Direct Expense	$ 130	$ 292	$ 551	$ 948	$ 1,300	$ 1,776
Payroll Taxes	10	30	83	120	158	166
Property Operation	0	102	158	233	79	857
OPERATIONS MARGIN	$ 626	$ 980	$2,018	$2,924	$ 4,407	$ 7,036
Less:						
General & Administrative	$ 138	$ 243	$ 360	$ 605	$ 1,193	$ 1,088
Marketing (advertising, public relations, promotion, etc.)	39	103	175	326	533	762
Insurance (property, liability)	89	158	324	319	472	522
Land Use Fees (public)	0	7	18	63	120	333
Land Use Fees (private)	33	4	9	12	15	17
Property Taxes	10	31	53	73	116	108
Other Taxes (except income)	8	15	17	21	9	150
Snowmaking	104	109	140	187	132	320
Snow Removal	2	4	7	16	21	24
Miscellaneous	42	21	48	114	269	317
Depreciation & Amortization	79	285	465	585	1,053	1,379
OPERATING PROFIT (LOSS)	$ 82	$ 0	$ 402	$ 603	$ 474	$ 2,016
Less: Interest	53	155	177	356	836	519
PROFIT (LOSS) BEFORE TAX	$ 29	$ (155)	$ 225	$ 247	$ (362)	$ 1,497
Base	(4)	(18)	(31)	(34)	(36)	(11)

TABLE 78

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Gross Fixed Assets					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:						
Ski Lift Gross - Winter	32.7%	24.7%	32.9%	32.0%	28.4%	32.8%
Ski Lift Gross - Summer	0.0	0.0	0.2	1.0	0.3	0.4
Supporting Margin - Winter	19.9	9.0	8.4	7.6	5.0	8.8
Supporting Margin - Summer	0.0	1.0	1.7	1.2	(0.1)	0.1
Year Round Margin	0.1	0.3	1.4	0.5	1.3	2.0
TOTAL REVENUE	52.7%	35.0%	44.6%	42.3%	34.9%	44.1%
Less:						
Ski Lift Direct Expense	8.9%	7.3%	8.7%	9.5%	7.6%	8.0%
Payroll Taxes	0.7	0.7	1.3	1.2	0.9	0.7
Property Operation	0.0	2.6	2.6	2.3	0.5	3.8
OPERATIONS MARGIN	43.1%	24.4%	32.0%	29.3%	25.9%	31.6%
Less:						
General & Administrative	9.5%	6.1%	5.7%	6.1%	7.0%	4.9%
Marketing (advertising, public relations, promotion, etc.)	2.7	2.6	2.8	3.3	3.1	3.4
Insurance (property, liability)	6.1	3.9	5.1	3.2	2.8	2.3
Land Use Fees (public)	0.0	0.2	0.3	0.6	0.7	1.5
Land Use Fees (private)	2.3	0.1	0.1	0.1	0.1	0.1
Property Taxes	0.7	0.8	0.8	0.7	0.7	0.5
Other Taxes (except income)	0.6	0.4	0.3	0.2	0.1	0.7
Snowmaking	7.2	2.7	2.2	1.9	0.8	1.4
Snow Removal	0.1	0.1	0.1	0.2	0.1	0.1
Miscellaneous	2.9	0.4	0.8	1.1	1.5	1.5
Depreciation & Amortization	5.4	7.1	7.4	5.9	6.2	6.2
OPERATING PROFIT (LOSS)	5.6%	0.0%	6.4%	6.0%	2.8%	9.0%
Less: Interest	3.6	3.9	2.8	3.5	4.9	2.3
PROFIT (LOSS) BEFORE TAX	2.0%	(3.9)%	3.6%	2.5%	(2.1)%	6.7%
Base	(4)	(18)	(31)	(34)	(36)	(11)

TABLE 79

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
BY LENGTH OF SEASON

	Percent of Revenue					
	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
Revenue:						
Ski Lift Gross - Winter	62.0%	70.5%	73.7%	75.7%	81.4%	74.4%
Ski Lift Gross - Summer	0.0	0.0	0.4	2.4	0.8	0.9
Supporting Margin - Winter	37.9	25.7	18.9	18.1	14.3	19.9
Supporting Margin - Summer	0.0	2.9	3.8	2.8	(0.3)	0.3
Year Round Margin	0.1	0.9	3.2	1.0	3.8	4.5
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Less:						
Ski Lift Direct Expense	17.0%	20.8%	19.6%	22.4%	21.9%	18.1%
Payroll Taxes	1.3	2.1	3.0	2.8	2.7	1.7
Property Operation	0.0	7.3	5.6	5.6	1.3	8.7
OPERATIONS MARGIN	81.7%	69.8%	71.8%	69.2%	74.1%	71.5%
Less:						
General & Administrative	18.0%	17.3%	12.9%	14.3%	20.0%	11.1%
Marketing (advertising, public relations, promotion, etc.)	5.1	7.3	6.2	7.7	9.0	7.7
Insurance (property, liability)	11.6	11.3	11.5	7.6	7.9	5.3
Land Use Fees (public)	0.0	0.5	0.6	1.5	2.0	3.4
Land Use Fees (private)	4.3	0.3	0.3	0.3	0.3	0.2
Property Taxes	1.3	2.2	1.9	1.7	2.0	1.1
Other Taxes (except income)	1.0	1.1	0.6	0.5	0.2	1.5
Snowmaking	13.6	7.8	5.0	4.4	2.2	3.3
Snow Removal	0.3	0.3	0.2	0.4	0.4	0.2
Miscellaneous	5.5	1.4	1.8	2.7	4.4	3.2
Depreciation & Amortization	10.3	20.3	16.5	13.8	17.7	14.0
OPERATING PROFIT (LOSS)	10.7%	0.0%	14.3%	14.3%	8.0%	20.5%
Less: Interest	6.9	11.0	6.3	8.5	14.1	5.3
PROFIT (LOSS) BEFORE TAX	3.8%	(11.0)%	8.0%	5.8%	(6.1)%	15.2%
Base	(4)	(18)	(31)	(34)	(36)	(11)

TABLE 80

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
BY LENGTH OF SEASON

	Less Than 80 Days	80-99 Days	100-119 Days	120-139 Days	140-159 Days	160 Days and Over
SKI LIFT GROSS:						
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:						
Ski Lift Payroll	8.3%	8.4%	5.5%	5.6%	5.1%	3.3%
Ski Patrol Payroll	0.9	1.7	2.2	2.5	3.1	1.8
Slope Maintenance Payroll	0.0	1.9	1.8	2.2	2.4	1.4
Maintenance & Repair Payroll	0.7	2.4	4.3	3.1	3.5	2.0
Ticket Sales Payroll	1.9	1.4	1.1	1.2	1.3	1.0
Other Payroll	0.4	0.7	0.9	1.5	1.3	0.9
TOTAL PAYROLL	12.2%	16.5%	15.8%	16.1%	16.7%	10.4%
PAYROLL TAXES	1.5%	2.9%	3.5%	3.4%	3.3%	2.1%
OTHER DIRECT	3.7%	11.6%	7.8%	11.5%	10.4%	6.2%
TOTAL DIRECT	17.4%	31.0%	27.1%	31.0%	30.4%	18.7%
GROSS MARGIN	82.6%	69.0%	72.9%	69.0%	69.6%	81.3%
Base	(1)	(13)	(16)	(25)	(29)	(8)

TABLE 81

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
BY LENGTH OF SEASON

	Less Than 80 Days (000)	80-99 Days (000)	100-119 Days (000)	120-139 Days (000)	140-159 Days (000)	160 Days and Over (000)
Assets						
Current Assets	$ 391	$ 278	$ 940	$ 1,369	$ 2,053	$ 4,309
Gross Fixed Assets	1,454	4,061	6,632	10,453	16,692	22,281
Less: Depreciation	(782)	(2,312)	(2,920)	(4,676)	(5,586)	(8,294)
Other Assets	0	80	909	702	4,949	1,284
TOTAL ASSETS	$1,063	$2,107	$5,561	$ 7,848	$18,108	$19,580
Liabilities & Net Worth						
Current Liabilities	$ 221	$ 333	$ 640	$ 921	$ 1,602	$ 2,790
Long-Term Debt	195	1,087	1,258	3,320	7,562	5,106
Subordinated Debt	96	424	213	1,000	890	3,189
Deferred Taxes	35	12	95	127	395	725
Other Liabilities	0	1	993	268	360	182
Net Worth						
Invested	445	757	1,073	1,588	6,495	4,920
Retained Earnings	71	(491)	1,304	636	860	2,672
Less: Treasury Stock	(0)	(16)	(15)	(12)	(56)	(4)
TOTAL LIABILITIES & NET WORTH	$1,063	$2,107	$5,561	$ 7,848	$18,108	$19,580
Base	(4)	(17)	(28)	(31)	(35)	(11)

IX

CHARACTERISTICS OF SKI AREAS WITH SNOWMAKING AND NIGHT SKIING OPERATIONS

For the eleventh year the study includes an analysis of those respondents with snowmaking capability and those who operate at night. This chapter presents tabulations on the 90 areas with snowmaking and on the 61 areas with night operations. The reader should recognize that even though these categories have been treated separately a number of areas (43) have both snowmaking and night skiing. The tables (Tables 82-91) follow the text.

The average ski area with snowmaking has larger gross fixed assets, more beds at the base, more beds within 10 miles, more night operations, more land development, more skier visits, more revenue per skier visit, a higher lift ticket price, greater utilization, and a higher profit before tax than the average ski area.

Snowmaking ski areas averaged 5.3 percent operating profit on GFA, above the ski industry average of 4.9 percent. However, if one excluded the Rockies and the West the figure would be over 10.5 percent. Snowmaking is dominated by areas east of the Rockies and this past season again illustrated this. All of the respondents in the East and New England had snowmaking and 92 percent of Midwest areas make snow. There are 41 snowmaking ski areas in the Rockies and the West, or 49 percent of the ski areas responding from those geographic areas. These 49 percent earned a 0.3 percent operating profit on GFA.

These operations have been evaluated using the rule of thumb measure discussed in Chapter III.

	Total Revenue to GFA		Percent Utilization		Factor	Judgment
All Ski Areas	40%	÷	33%	=	1.21	Adequate
All Snowmaking	40	÷	34	=	1.18	Adequate
New England Snowmaking	51	÷	39	=	1.31	Good
East and Midwest Snowmaking	47	÷	53	=	0.87	Poor
Rockies and West Snowmaking	34	÷	29	=	1.17	Adequate
All Night Operations	46	÷	37	=	1.24	Good

Night operations were again separated. Night skiing effectively increases the potential earning power with only cursory additions to capital. Areas with night skiing usually have less VTF, fewer GFA, fewer beds at the base and within 10 miles, greater days/nights of operation, lower revenue per skier visit, lower lift ticket prices and higher profit than the average area. In the 1986-87 season the average area with night operations had an operating profit on GFA of 9.6 percent, compared to the ski industry average of 4.9 percent and an average profit before tax of $407,000 compared to the industry average of $120,000. This is the second year in a row that areas with night operations out-performed areas without night skiing.

The 1986-87 survey contains data concerning snowmaking coverage, hours of operation and operating costs. Tables 89 and 90 summarize this data. The average ski area with snowmaking capability covers 105 acres or 20.8 percent of the skiable slopes and trails. The East and Midwest regions cover 87.4 percent, and New England 63.8 percent, while only 11.1 percent of the Rockies and Western ski areas are machine covered.

Similarly the 59 ski areas with lights for night skiing cover an average of only 74 acres or 14.4 percent of the skiable acreage.

Snowmaking Costs

In an effort to establish some standard measure of snowmaking efficiency the authors have summarized reported expenses in costs per acre hour of snowmaking. An acre hour is the product of coverage (acres) and hours of system operations. Survey respondents were asked to supply acres of snowmaking coverage, hours of system operation, and operating costs broken into labor, power, maintenance, and other categories. Table 91 summarizes the results of this measure. The cost per acre/hour ($2.32) was slightly higher than last year's $2.21 per acre/hour. There was a decrease this season for the Rockies and West, but a slight increase in New England and a large increase in the East and Midwest.

TABLE 82

AVERAGE SKI AREA CHARACTERISTICS
SKI AREAS WITH SNOWMAKING & NIGHT OPERATIONS

	With Snowmaking				With
	New England	East & Midwest	Rockies & West	All	Night Operations
SIZE					
VTF/Hour (000)	8,461	3,141	10,917	7,866	4,709
Gross Fixed Assets (000)	$14,239	$5,781	$17,125	$12,828	$6,374
Skiable Acres	224	95	930	504	515
Total Acres	1,455	655	2,600	1,719	1,070
LOCATION					
Within 50 Miles of SMSA	25%	48%	15%	36%	61%
With 6+ Areas in 1 Hour	70%	14%	25%	32%	18%
New England	100%	0%	0%	22%	12%
East	0%	62%	0%	20%	25%
Midwest	0%	38%	0%	12%	18%
Central Rockies	0%	0%	42%	19%	0%
Northern Rockies	0%	0%	7%	3%	8%
California & Nevada	0%	0%	22%	10%	8%
Pacific Northwest	0%	0%	7%	3%	13%
Western Canada	0%	0%	22%	10%	16%
SITE CHARACTERISTICS					
Number of Beds at Base[a]	1,776	444	3,991	2,293	390
Number of Beds (10 Miles)[a]	4,148	1,693	7,848	4,889	1,846
With Snowmaking	100%	100%	100%	100%	71%
With Night Skiing	35%	86%	27%	48%	100%
Terrain: Beginner	27%	29%	23%	26%	24%
Intermediate	53%	45%	48%	48%	50%
Expert	20%	26%	29%	26%	26%
BUSINESS CHARACTERISTICS					
Operating With USFS Permit	20%	3%	77%	36%	65%
Engaged in Land Development	75%	45%	32%	46%	31%
OPERATIONAL CHARACTERISTICS					
Avg. Days/Nights of Operation	135	117	131	128	135
Average Peak Day Crowd	6,031	3,561	5,245	4,877	3,872
Average Skier Visits (000)	296	133	276	235	161
Average Age of Ski Areas	30 years	27 years	27 years	27 years	27 years
ECONOMIC CHARACTERISTICS					
Average Revenue/Skier Visit	$20.57	$18.58	$20.28	$20.06	$16.52
Avg. Lift Ticket Revenue/S-V	$16.40	$13.92	$17.60	$16.59	$13.17
Avg. Adult Lift Ticket Price:					
(Weekend)	$23.05	$22.65	$22.23	$22.55	$20.80
(Weekday)	$21.68	$16.83	$22.49	$20.50	$17.55
Average Night Ticket Price					
(Weekend)	$14.14	$13.34	$13.90	$13.62	$12.68
(Weekday)	$14.14	$12.57	$12.05	$12.70	$11.99
Avg. Adult Season Ticket Price	$ 460	$ 306	$ 424	$ 393	$ 328
Average Utilization	38.7%	53.4%	28.7%	34.2%	36.8%
Avg. Profit (Loss) Before Tax (000)	$1,499	$ 454	$ (631)	$ 192	$ 407
Ratio: Revenue/GFA	51.1%	47.3%	34.3%	40.3%	46.0%
Base	(20)	(29)	(41)	(90)	(61)

[a]For those areas reporting beds.

TABLE 83

ECONOMIC RATIOS–SNOWMAKING & NIGHT OPERATIONS

	Key	With Snowmaking				With Night Operations
		New England	East & Midwest	Rockies & West	All	
VTF/Hour (000)	A	8,461	3,141	10,917	7,866	4,709
VTF/Hour - Demand/Skier Visit	B	1,500	1,500	1,500	1,500	1,500
Skier Capacity	C	5,641	2,094	7,278	5,244	3,139
Days/Nights of Operation	D	135	117	131	128	135
Season Capacity (000)	E	765	249	961	688	437
Day Season Capacity (000)		684	181	937	637	336
Night Season Capacity (000)		231	79	89	106	104
Actual Skier Visits (000)	F	296	133	276	235	161
Day Skier Visits (000)		266	108	287	227	135
Night Skier Visits (000)		85	41	22	45	39
Profit (Loss) Before Tax (000)	G	$ 1,499	$ 454	$ (631)	$ 192	$ 407
Plus: Depreciation (000)	H	$ 823	$ 359	$ 1,134	$ 815	$ 363
Before Tax Cash Flow (000)	I	$ 2,322	$ 813	$ 503	$ 1,007	$ 770
Operating Profit (Loss) (000)	J	$ 1,942	$ 675	$ 58	$ 675	$ 615
Cash Operating Costs (000)	K	$ 4,507	$1,698	$ 4,685	$ 3,683	$1,961
Gross Fixed Assets (000)	L	$14,239	$5,781	$17,125	$12,828	$6,374
Long Term Debt (000)	M	$ 4,194	$2,754	$ 8,862	$ 5,843	$2,052
Equity (000)	N	$ 5,375	$1,950	$ 5,973	$ 4,544	$1,593
Critical Ratios						
1. Health (Debt to Cash Flow)		1.8X	3.4X	17.6X	5.8X	2.7X
Profitability:						
2. Operating Profit on GFA		13.6%	11.7%	0.3%	5.3%	9.7%
3. Profit (BT) on Equity		27.9%	23.3%	Loss	4.2%	25.6%
Performance:						
4. Average Utilization		38.7%	53.4%	28.7%	34.2%	36.8%
Day Utilization		38.9%	59.7%	30.6%	35.6%	40.2%
Night Utilization		36.8%	51.9%	24.7%	42.5%	37.5%
5. Days/Nights of Operation		135	117	131	128	135
Policy & Planning:						
6. Capital/Capacity Ratio		$2,524	$2,761	$2,353	$2,446	$2,031
7. Operating/Capacity Ratio		$ 5.89	$ 6.82	$ 4.88	$ 5.35	$ 4.49
Revenue/Skier Visit: (Average of All Areas)						
Ski Lift Gross		$16.40	$13.92	$17.60	$16.59	$13.17
Ski School Margin		$ .69	$ .73	$ .73	$ .72	$ .56
Food Service Margin		$ 1.07	$ 1.04	$ .61	$ .82	$ .78
Bar Margin		$ .57	$ .65	$ .21	$ .39	$ .47
Ski Shop Margin		$ .84	$ .39	$ .34	$ .49	$ .33
Ski Rental Margin		$ .90	$ 1.68	$ .51	$ .84	$ 1.05
Other Margin		$ .10	$ .17	$ .28	$ .21	$ .16
8. Total - Revenue/Skier Visit		$20.57	$18.58	$20.28	$20.06	$16.52
Base		(20)	(29)	(41)	(90)	(61)

TABLE 84

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Gross Fixed Assets	$14,239	$5,781	$17,125	$12,828	$6,374
Revenue:					
Ski Lift Gross - Winter	$ 4,858	$1,853	$ 4,861	$ 3,891	$2,125
Ski Lift Gross - Summer	33	0	106	55	45
Supporting Margin - Winter	1,590	712	792	944	579
Supporting Margin - Summer	300	82	(11)	88	131
Year Round Margin	491	85	129	195	59
TOTAL REVENUE	$ 7,272	$2,732	$ 5,877	$ 5,173	$2,939
Less:					
Ski Lift Direct Expense	$ 913	$ 381	$ 1,480	$ 1,000	$ 601
Payroll Taxes	116	54	181	125	72
Property Operation	578	116	186	250	154
OPERATIONS MARGIN	$ 5,665	$2,181	$ 4,030	$ 3,798	$2,112
Less:					
General & Administrative	$ 851	$ 328	$ 1,199	$ 841	$ 387
Marketing (advertising, public relations, promotion, etc.)	612	177	508	424	199
Insurance (property, liability)	434	273	463	395	267
Land Use Fees (public)	131	1	136	91	27
Land Use Fees (private)	15	10	20	16	10
Property Taxes	80	43	122	87	49
Other Taxes (except income)	86	37	9	35	19
Snowmaking	345	250	176	237	130
Snow Removal	17	1	14	11	8
Miscellaneous	329	27	191	171	38
Depreciation & Amortization	823	359	1,134	815	363
OPERATING PROFIT (LOSS)	$ 1,942	$ 675	$ 58	$ 675	$ 615
Less: Interest	443	221	689	483	208
PROFIT (LOSS) BEFORE TAX	$ 1,499	$ 454	$ (631)	$ 192	$ 407
Base	(20)	(29)	(41)	(90)	(61)

TABLE 85

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Gross Fixed Assets				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Gross Fixed Assets	100.0%	100.0%	100.0%	100.0%	100.0%
Revenue:					
Ski Lift Gross - Winter	34.1%	32.1%	28.4%	30.3%	33.3%
Ski Lift Gross - Summer	0.2	0.0	0.6	0.4	0.7
Supporting Margin - Winter	11.2	12.3	4.6	7.4	9.1
Supporting Margin - Summer	2.1	1.4	(0.1)	0.7	2.1
Year Round Margin	3.5	1.5	0.8	1.5	0.8
TOTAL REVENUE	51.1%	47.3%	34.3%	40.3%	46.0%
Less:					
Ski Lift Direct Expense	6.4%	6.6%	8.6%	7.8%	9.4%
Payroll Taxes	0.8	0.9	1.1	1.0	1.1
Property Operation	4.1	2.1	1.1	1.9	2.4
OPERATIONS MARGIN	39.8%	37.7%	23.5%	29.6%	33.1%
Less:					
General & Administrative	6.0%	5.7%	7.0%	6.6%	6.1%
Marketing (advertising, public relations, promotion, etc.)	4.3	3.1	3.0	3.3	3.1
Insurance (property, liability)	3.0	4.7	2.7	3.1	4.2
Land Use Fees (public)	0.9	0.0	0.8	0.7	0.4
Land Use Fees (private)	0.1	0.2	0.1	0.1	0.2
Property Taxes	0.6	0.7	0.7	0.7	0.8
Other Taxes (except income)	0.7	0.6	0.1	0.3	0.3
Snowmaking	2.4	4.3	1.0	1.8	2.0
Snow Removal	0.1	0.0	0.1	0.1	0.1
Miscellaneous	2.3	0.5	1.1	1.2	0.6
Depreciation & Amortization	5.8	6.2	6.6	6.4	5.7
OPERATING PROFIT (LOSS)	13.6%	11.7%	0.3%	5.3%	9.6%
Less: Interest	3.1	3.8	4.0	3.8	3.2
PROFIT (LOSS) BEFORE TAX	10.5%	7.9%	(3.7)%	1.5%	6.4%
Base	(20)	(29)	(41)	(90)	(61)

TABLE 86

AVERAGE SKI AREA FINANCIAL DATA–INCOME STATEMENT
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Percent of Revenue				
	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
Revenue:					
Ski Lift Gross - Winter	66.8%	67.8%	82.7%	75.2%	72.3%
Ski Lift Gross - Summer	0.5	0.0	1.8	1.1	1.5
Supporting Margin - Winter	21.9	26.1	13.5	18.2	19.7
Supporting Margin - Summer	4.0	3.0	(0.2)	1.7	4.5
Year Round Margin	6.8	3.1	2.2	3.8	2.0
TOTAL REVENUE	100.0%	100.0%	100.0%	100.0%	100.0%
Less:					
Ski Lift Direct Expense	12.6%	13.9%	25.2%	19.3%	20.4%
Payroll Taxes	1.6	2.0	3.0	2.4	2.4
Property Operation	7.9	4.3	3.2	4.9	5.3
OPERATIONS MARGIN	77.9%	79.8%	68.6%	73.4%	71.9%
Less:					
General & Administrative	11.8%	12.0%	20.4%	16.3%	13.2%
Marketing (advertising, public relations, promotion, etc.)	8.4	6.5	8.6	8.2	6.8
Insurance (property, liability)	6.0	10.0	7.9	7.6	9.1
Land Use Fees (public)	1.8	0.0	2.3	1.8	0.9
Land Use Fees (private)	0.2	0.4	0.3	0.3	0.3
Property Taxes	1.1	1.6	2.1	1.7	1.7
Other Taxes (except income)	1.1	1.4	0.2	0.7	0.6
Snowmaking	4.7	9.2	3.0	4.6	4.4
Snow Removal	0.2	0.0	0.2	0.2	0.3
Miscellaneous	4.6	0.9	3.3	3.2	1.3
Depreciation & Amortization	11.3	13.1	19.3	15.8	12.4
OPERATING PROFIT (LOSS)	26.7%	24.7%	1.0%	13.0%	20.9%
Less: Interest	6.1	8.1	11.7	9.3	7.1
PROFIT (LOSS) BEFORE TAX	20.6%	16.6%	(10.7)%	3.7%	13.8%
Base	(20)	(29)	(41)	(90)	(61)

TABLE 87

SKI LIFT DEPARTMENT DIRECT COST BREAKDOWN
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations
	New England	East & Midwest	Rockies & West	All	
SKI LIFT GROSS:					
Revenue (Winter)	100.0%	100.0%	100.0%	100.0%	100.0%
LESS:					
Ski Lift Payroll	3.8%	5.0%	5.2%	4.8%	6.1%
Ski Patrol Payroll	1.5	1.3	3.3	2.5	1.8
Slope Maintenance Payroll	1.3	1.4	2.7	2.1	1.7
Maintenance & Repair Payroll	1.9	2.5	3.7	3.0	3.4
Ticket Sales Payroll	0.8	0.7	1.4	1.1	1.3
Other Payroll	1.0	0.5	1.4	1.1	1.3
TOTAL PAYROLL	10.3%	11.4%	17.7%	14.6%	15.6%
PAYROLL TAXES	2.4%	2.4%	3.8%	3.2%	2.8%
OTHER DIRECT	6.6%	7.2%	11.3%	9.3%	9.4%
TOTAL DIRECT	19.3%	21.0%	32.8%	27.1%	27.8%
GROSS MARGIN	80.7%	79.0%	67.2%	72.9%	72.2%
Base	(15)	(16)	(3)	(62)	(39)

TABLE 88

AVERAGE SKI AREA FINANCIAL DATA–BALANCE SHEET
SKI AREAS WITH SNOWMAKING AND NIGHT OPERATIONS

	Snowmaking				With Night Operations (000)
	New England (000)	East & Midwest (000)	Rockies & West (000)	All (000)	
Assets					
Current Assets	$ 2,579	$ 899	$ 1,910	$ 1,736	$ 724
Gross Fixed Assets	14,567	5,963	17,448	13,105	6,509
Less: Depreciation	(5,572)	(2,371)	(6,714)	(5,060)	(3,043)
Other Assets	2,041	1,249	3,808	2,586	659
TOTAL ASSETS	$13,615	$5,740	$16,452	$12,367	$ 4,849
Liabilities & Net Worth					
Current Liabilities	$ 2,263	$ 505	$ 1,281	$ 1,254	$ 661
Long-Term Debt	2,852	2,645	7,106	4,710	1,851
Subordinated Debt	1,342	109	1,756	1,133	201
Deferred Taxes	464	477	43	278	95
Other Liabilities	1,319	54	293	448	448
Net Worth					
Invested	2,780	357	5,656	3,302	1,039
Retained Earnings	2,601	1,620	359	1,271	577
Less: Treasury Stock	(6)	(27)	(42)	(29)	(23)
TOTAL LIABILITIES & NET WORTH	$13,615	$ 5,740	$16,452	$12,367	$ 4,849
Base	(19)	(27)	(38)	(84)	(57)

TABLE 89

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
SKI AREAS WITH SNOWMAKING

	New England	East & Midwest	Rockies & West	All
Average Skiable Acres	224	95	930	504
Average Snowmade Acres	143	83	103	105
Proportion	63.8%	87.4%	11.1%	20.8%
Total Skier Capacity	5,641	2,094	7,278	5,244
Average Snowmade Capacity	3,599	1,830	808	1,091
Average Snowmade Density	25/acre	22/acre	8/acre	10/acre
Base	(20)	(29)	(41)	(90)

TABLE 90

SNOWMAKING ACREAGE, COVERAGE AND CAPACITY
AREAS WITH NIGHT SKIING AND SNOWMAKING

	Snowmaking			All Areas With Night Skiing
	New England	East & Midwest	Rockies & West	
Average Skiable Acres	-	-	-	515
Average Lighted Acres	68	58	76	74
Proportion	-	-	-	14.4%
Average Night Capacity	2,029	1,953	1,386	1,659
Average Night Density	30/acre	34/acre	18/acre	22/acre
Base	(20)	(29)	(41)	(59)

TABLE 91

SNOWMAKING COST ANALYSIS, 1986-87

	New England	East & Midwest	Rockies & West	Total Sample
Labor (000)	$ 98.6	$ 49.4	$ 49.7	$ 60.5
Power (000)	160.6	146.0	74.9	116.8
Maintenance (000)	52.8	32.1	24.7	33.3
Other (000)	33.2	22.8	26.3	26.7
Total (000)	$345.2	$250.3	$175.6	$237.3
Acres Covered	143	83	103	105
Hours Operated	1,275	894	881	973
Average Cost/Acre Hour	$1.89	$3.37	$1.94	$2.32
Base	(20)	(29)	(41)	(90)

X

COMMENTS FROM SKI AREAS

The questionnaire asked respondents to provide comments on the season: What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1986-87 season? The answers to this question are reported verbatim in this chapter. They have been arranged by geographic area to make them more meaningful.

EAST

When will we ever see another winter with as consistently perfect weather conditions as 86/87.

Large snowfalls in December and January–No major thaws–Great skiing weather were ingredients for a great ski season at Mt. Sunapee. Second highest skier day count.

The season of 86/87 proved to be Okemo's best ever. For the first time Okemo broke the 300,000 skier visit threshold. Mother Nature cooperated with the bulk of the natural snow falling in January and good snowmaking weather pretty much throughout the winter. Expansion for 86-87 included a 4,000 foot triple chair, increasing snowmaking from 60% to 80% of skiable terrain, several new trails and a 9,000 square foot mid mountain lodge and restaurant.

Company was in Chapter 11 from March 1986 through June 1987. 86-87 was an excellent snow year, serious flood on April 1, 1987 caused an early closing on April 19. Over $2,600,000 was spent on snowmaking expansion in 1986.

Outstanding year weather wise with virtually no weekends lost to rain or storm. Strong local market and growth in bed base. One new lift added capacity. 21 sell out days under limited ticket policy.

The 86/87 season was successful for the Stowe Resort. The winter weather provided good natural snow cover for most of the season. Only late March and April were subjected to a natural snow drought. The new detachable Quad Chair was a big attraction for our guests and we expect that it will continue to be a positive contribution to the operation in the future.

Less snow than normal, but what fell stayed. Little rain and thaws. Generally good snowmaking weather.

Ideal weather for Christmas holidays and on most weekends. Acquisition of adjacent ski area (Carinthia) added a significant increment (additional capacity).

Earliest opening ever Nov. 28 on natural snow. New snowmaking system operational Dec. 21, 1986. Fixed Quad, chair opened to public Jan. 15, 1987. Season pass holders increased from 1800 to 2200. Great spring skiing in March, season ended abruptly March 29 after several days of unseasonably warm weather.

We had excellent snowfall early season, had no significant January thaw, was a record season in virtually all respects.

Enlargement, snowmaking and lighting of a major trail. Addition of rental equipments. Good weather conditions in general.

We had a poor Xmas Week and December, in general, was bad. We then proceeded to have our best winter ever as of 1/3. A steady winter keeps skiing on people's minds, keeps skiers interested and gets beginners out to ski.

$4.3 million invested summer 86 touching lodging, lifts trails, snowmaking, night-skiing area extended, larger base lodge.

Excellent year due to consistent snowmaking weather, snowfall moderate.

Started snowmaking Nov. 13th for our earliest opening ever. Very marginal snowmaking in Dec. so we skied Christmas on snow made in Nov. January & February were great. No snow but no thaws & good snowmaking. Skier demand was very strong. Our best season ever for skier visits, dollars & profit by a wide margin. My faith in the ski business is restored.

Ticket prices up generally $1 from previous year. Old rope tow replaced with new Stadeli Pony Lift. Season and weather more uniform than previous two years; i.e., less peaks and valleys of business.

The weather cooperated again this year and allowed us a long & good season.

$1 million expansion: doubled snowmaking capacity, new double chairlift, more night lights, purchased new powertiller, construction of children's program building. Not a great natural snowfall year (especially Christmas week!). Temperatures were constant so that the snow we got stayed and we were able to make a tremendous commitment and concentration on a good value, quality ski experience. . . You get what you pay for!!

Ski area purchased since last report, change of year end. Marginal temperatures throughout winter led to reduced snowmaking hours. Hiring full time marketing person helped produce significant increase in skier visits. Opened late (12/20/87) due to warm temperatures.

Net income before taxes and non-recurring items for the fiscal year ended April 30, 1987 was the second highest of the company's history. (On an operating income basis, before interest expense, other income and non-recurring items, it was our best year.) We had an absolutely great stretch of good weather and didn't lose a weekend during the season until the 1st of March. Skier visits were up almost 7% while revenues were up 24%. Insurance and risk management related expenses continue to be a major overhead factor although there are indications that this may be stabilizing. In management's opinion, the biggest problem still facing the ski industry (including Camelback) is the unrealistic cost of insurance. We continue to do everything we can to contain and reduce this expense.

Record setting season! Great weather January and February. Strong growth in group skiing, children's programs and beginner packages. Little price resistance despite $3.00 and $4.00 lift ticket increases. Lots of families skiing.

A good year even though we received only 60" (total snowfall) for the entire season.

MIDWEST

Last season was one of the mildest, warmest winters in recorded history in our region. I was very encouraged that our skier days dropped only 2%. The mild weather was one of many factors that helped a very encouraging turnout of family skiers and beginners. Growth in ski school revenues is very heartening also. I think one of the best marketing tools we have is developing a reputation for dependable snow conditions.

Very warm and dry winter, warmest winter in 50 years, only 11" of snowfall. Had a new run ready for start of season, but never had opportunity to make snow on it to get it open as we spent majority of snowmaking time replenishing snow on main runs.

Mild season, total snowmaking hours only 360. 6 nights below 18°, one night below 10°. Able to produce just enough snow at the right times thanks to "firepower," to come out of the season on a positive note.

Pre-season sales of season passes and pre-paid group programs, etc. were up by about 30%. However, it was a nearly snowless year that turned out to be, amazingly enough, not bad overall. The December start was slow and desperately difficult because the temperatures were extremely marginal for snowmaking. It was not until after Christmas that we were able to make snow around the clock and get everything open.

Exceptionally good manmade snow and mild weather made our area popular and resulted in comfortable growth.

Terrible snow condition until Jan. 1, 1987. Decent snow from then until end of Feb.

Skied 5 less days than 1985-86. Did not lose any days skiing because of weather or conditions because of little snow in Mich., (less than ½ of last season). Could not convince the public that we had good conditions. Skiers seem to be skiing on Sat. only instead of Sat. & Sun.

Our early start proved crucial as prolonged mild weather made snowmaking inexorably slow in producing any depth. Lack of natural snow put our numbers down as it always does. We had positive results from both the national Learn-to-Ski and our own programs. New rental equipment was met with extreme enthusiasm.

ROCKY MOUNTAIN

Snowbowl replaced major double chairlift with a new CTEC triple chair, plus added a double chair in a beginner area. Late opening of Dec. 22 with poor snow through mid January then good weather pattern, late closing of April 12. Above average season.

Light snow year. Record season–up approximately 6%. Direct flights on American Airlines a major factor. For 2 years running, late March and April were disappointing.

Major improvements to Peak 8 lifts, restaurant and trail system.

This was the best snow year in recent history; however, the economy in our primary market area (Texas & Okla.) was down. Giveaway promotion packages by nearby ski areas for the purpose of selling real estate was a factor also.

Early season weak comparatively–snow 30% off normal–destination year very showy, Denver business weak.

33 new trails, 1 new quad lift.

Purgatory Resort had another record year for skier visits with 337,927 skier days logged during the 1986-87 season. Purgatory also was one of the industry leaders for introducing new skiers to the sport with more than 13,000 first-time skiers taking lessons under Purgatory's free, learn-to-ski program called Start 'Em Off Right.

Depressed oil & gas industry caused a drop in attendance & spending from the Texas market. Good snowfall in New Mexico caused a drop in attendance from New Mexicans. Dry conditions in Northern Colorado caused increased visits from Colorado skiers.

We had excellent snow conditions; new airport helped substantially; and ski area amenities & service are paying off in new and return guests.

The last 3 weeks of the season were impacted by unseasonably warm temperatures both at the resort and in our market areas. I believe this had the effect of significantly reducing revenues both as to our regional & destination markets.

Record season! Good early snow (November). Mid December thru January unusually dry and warm. Snowmaking minimal because of early snow.

Bogus Basin's 86-87 season was severely slowed by abnormally short snowfalls throughout the year. Early snowfalls failed to materialize not allowing the area to open until Jan. 1 of 1987. Skier attendance was good when conditions allowed, but the area finished the season with a 36% decrease in overall skier visits over the 85-86 season. The area began operation of one additional chairlift for night skiing during the 86-87 season, which brought the total night lifts to four. The new facility, which features a new mile long ski run with 1500' of vertical, brought out many advanced skiers who had not skied much at night prior to this improvement because of the lack of challenging terrain. Beginner ski packages including "Let's Go Skiing America" were quite successful which lead us to believe that with good snows attendance figures will bounce back in 87-88.

Two new ski runs were cut. The resort operated at approximately 50% of capacity due to poor snow conditions until January 4, 1987. Deer Valley Resort Company began operation as a reservation agent for Park City lodges.

A 7.5 groomed cross country course (Nordic Center) was added during 1986-87. Good early snow conditions allowed us to open the ski season one week ahead of schedule.

Only 60% of normal snowfall, but consistently acceptable ski conditions. Good local & regional turnout, & new airline program begun for destination skiers.

Better weather + better expense control = better results.

Snowdown had no snow & therefore off 50% business.

Snow fell very early (Sept.) then turned off dry for remainder of year. Early season, thru Christmas, was poor but picked up during year and ended up being 2nd highest skier visits. We traditionally do better in light snow fall years because of our elevation being higher, poor conditions at other resorts, and cut in expense of snow removal.

WEST

Poor season due to very late opening with marginal conditions existing during open period.

Poor snow year in the west. Very warm spring so skiers turned to other activities. Ski school very good this season.

Late opening due to weather, because of excellence of snowmaking operation Ski Incline had some of the best ski conditions in the Tahoe Basin: Food and beverage operation was in-house for the 86-87 season for the first time.

THE ABSOLUTE PITS!

While other areas suffered from "old man winter's" late arrival and short stay, Boreal gained market share because of extensive snowmaking. This competitive edge helped us score one of our very best seasons.

Mother Nature was very uncooperative in 86-87. Our snowmaking turned what would have been a terrible December and January into a near break-even situation. Once natural snowfall arrived, the skiers poured in. Easter was too late to be of any help.

Last winter, due to lack of snow, Squaw Valley USA didn't open until December 20th and even then it was on a limited basis until the first week in January. This was only the second time since 1976 that we weren't able to open by Thanksgiving. December skier counts were the lowest they had been in over 10 years. Fortunately, February and March were our two best months ever. Marketing for the 1986-87 season was highlighted by a new "No Waiting in Line or Your Money Back" program. A customer could register for $1.00 as a beginner, intermediate, or advanced skier. If the average wait in the lift line for that ability level exceeded 10 minutes at any time during the

day, the customer received a full refund and could ski free for the rest of the day. A total of 593 people registered for the program during the season. Only 15 of them received refunds and all were on a day when there were 11,000 skiers and the power was out for one hour. During April, we initiated a midweek "First-time Beginners Ski Free" program that was very successful and will be continued this coming season. The program included an all day lift ticket, rental skis and an all day lesson for an adult, over 13 years of age, who had never skied before. Major expansion for 1986-87 included the new Shirley Express, a 3800' detachable quad chairlift, and Broken Arrow, a new 3000' fixed grip double chairlift.

Our resort was closed until January 3, 1987, due to lack of snow. As a result, our revenues for the season were less than what they were last year. We opened a new triple chair lift for intermediate skiers.

One of the more difficult seasons. Opened beginner chair 12/26; could not open ¾ of area until January 7; good snow waited until March–skiers didn't. (Below average: snowfall, pack depth, skier days, length of season, skiers per day, revenue per skier.)

Quad Chair: Lack of Snow: no pre-Christmas activity.

Worst season, due to weather, in 10 years. That says it all!

No snow until January 5th. Open Jan. 7, 1987.

New lift, expanded View Haus, more snowmaking, and run improvements last off-season radically improved skiing experience since we did not increase tickets sold on a sell-out day. Poor snow season in California worked to our advantage as we were open with good conditions most of year, but heavily dependent upon snowmaking. Our 3rd best season in volume after '79 and '83.

Good snow to open November 27; excellent Christmas Holiday, good January. Extremely warm, wet and windy February, March and April.

Timberline's 50th Anniversary. Mirror Mt. Ski Area–closed entire winter. Great weather weekends and holidays.

Warmest and lowest snowfall year in 44 years of record keeping by Weather Bureau in Juneau. The economy of this isolated community of 27,000 continued to slide due to lower oil prices. Mostly we operated a 5-day week, Wed-Sun, plus Mondays, holidays & Christmas vacation. For most of the snow fall, the freeze line was less than 300' elevation below the base area. This is the first year we had a lower rate for kids up to 6th grade and a middle rate for those who were in the middle school and high school. We are going to do it this year.

Later than normal start and early close; however, January & February were records for ski quality and crowds. Overall, an excellent season.

86-87 season was slow to start. Once we opened we had good conditions the entire season. Our skier day count increased.

1986-87 was the best season ever in the short history of the Bluewood Ski Area–62,733 skiers. During the summer of 1986, we installed a triple Borvig chair which opened more beginner/intermediate terrain. Although snow was not plentiful during the Christmas holiday season, we were able to capture a larger than normal crowd as our snow was better than most areas surrounding.

Least snowfall in 10 years. Design of a new village centre which included construction of new rental, ski repair, ticket sales and administration building in village centre; relocation of ski school, daycare and boot change into village centre; opened new bistro/dining room in village centre; relocation of triple chair to facilitate new village centre and installation of the first new fixed grip quad chair in B.C.

Our snow fall was lowest in the past 7 years throughout the season.

Late start and early closing largely responsible for skier count decrease (weather conditions). However, major price increases from previous years enabled us to report higher revenues. Large increase in liability insurance premiums incurred.

Weather was better than prior years. We used TV as an advertising media. Extremely successful school program.

This was only our second good snow year in the last four, 450cm. Extremely warm weather mid winter on the prairie may have kept some skiers at home.

The 1986-87 season was very successful for us from an operations point of view. We had our second highest skier visit total ever. Weather was a major factor with the shortage of snow in the U.S. and a mild winter (with good snowfall) here led to an increase in U.S. visitors. This combined with the exchange rate gave U.S. visitors excellent dollar value vacations. The gross margin is not reflected in our bottom line for 3 reasons (1) a major increase in insurance costs (2) an increase in land use fees (a function of revenue growth) and (3) a significant increase in G&A costs because of a new long-range planning program. Our region also saw some market growth in terms of skier visits and a new ski area, Nakiska at Mt. Allan, opened in December 1986. (The Alberta government constructed this area for the 1988 Winter Olympic Games.)

Lyon Mountain was placed in receivership on July 28, 1986. Approximately $1 M was invested in capital improvements. Reconstruction of the snowmaking system wasn't completed until December 15, 1986. An unseasonably warm winter restricted skier counts.

New T-bar and nursery.

Below average snow year. Combination Grouse/Cypress midweek day season pass contributed to high mid-week attendance throughout January (average 1400) and February (average 1200).

A later start and earlier finish (Nov. 14-May 6), lowest snowfall on record between December 1 and April 1, a new ski area opening nearby and a poor local economy combined to result in fewer skiers compared to 85/86. However, record high temperatures in January resulted in a record high January for skier visits, helping to offset softer periods of the season. Destination business was strong last season partly due to a solid product offered, extremely good value for the American dollar and other currency exchange rates and increased awareness due to the 1988 Calgary Winter Olympics.

Factors affecting 1986-87--A consistent snowpack and cool weather ensured a good operation season; ticket increase of $2.00 contributed substantially; reduction of insurance premiums by 40%; financial restructuring stabilized the future of Kimberley Ski and Summer Resort; and, the summer operation experienced a deficit due to--1. weather, 2. Expo, 3. financial restructuring.

Midway through 1986 a major revision in the management team was made showing substantial improvement in goal setting and attainment resulting in improved expectations for 1987. Skier visits reflect the December 1986-April 1987 season.

Mild winter--good snow--average & length of season--Very warm & wet lst ½ of March. Good Easter holiday but snow melted rapidly after 1st week in April.

APPENDIX A

LIST OF SKI AREAS RESPONDING TO THE NATIONAL SKI AREAS ASSOCIATION ANNUAL ECONOMIC SURVEY, 1986-87 SEASON

This list consists of the 134 ski areas that responded to the annual economic survey and provided complete financial data. The ski areas are listed in alphabetical order by region.

East

Auberge Gray Rocks
P.O. Box 1000
St-Jovite, Quebec
Canada J0T 2H0

Blue Mountain Resorts Limited
R.R. No. 3
Collingwood, Ontario
Canada L9Y 3Z2

Bretton Woods Ski Area
Route 302
Bretton Woods, New Hampshire 03575

Bromley Mt.
P.O. Box 1130
Manchester Center, Vermont 05255

Bryce Resort
P.O. Box 3
Basye, Virginia 22810

Butternut Basin
State Road
Gt. Barrington, Massachusetts 01230

Camelback Ski Corporation
P.O. Box 168
Tannersville, Pennsylvania 18372

Cataloochee Ski Area
Rt. 1, Box 502
Maggie, North Carolina 28751

Elk Mountain Ski Center
RD No. 1, Box 258
Union Dale, Pennsylvania 18470

Greek Peak, Inc.
2000 NYS Route 392
Cortland, New York 13045

Hidden Valley Resort
1 Gordon Craighead Memorial Drive
Somerset, Pennsylvania 15501

Holiday Valley Resort
P.O. Box 370, Holiday Valley Road
Ellicottville, New York 14731

Jay Peak Ski Resort
Route 242
Jay, Vermont 05859

Killington Ski Area
Killington Road
Killington, Vermont 05751

Loon Mountain Recreation
Kancamagus Highway, Rt. 112
Lincoln, New Hampshire 03251

Mont Farlagne
P.O. Box 61
Edmundston, New Brunswick
Canada E3V 3K7

Mont St-Sauveur Inc.
Rue St-Denis, C.P. 910
St-Sauveur-Des-Monts, Quebec
Canada J0R 1R0

Mount Mansfield Resort
P.O. Box 1310
Stowe, Vermont 05672

Mount Snow Ski Area
Route 100
West Dover, Vermont 05356

Mt. Sunapee
Mt. Sunapee, New Hampshire 03772

Mt. Tom Ski Area Inc.
P.O. Box 1158
Holyoke, Massachusetts 01075

Okemo Mountain, Inc.
RFD No. 1
Ludlow, Vermont 05149

Peek'n Peak Recreation, Inc.
Ye Olde Road, R.D. 2
Clymer, New York 14724

Shawnee Mountain, Inc.
P.O. Box 93
Shawnee-on-Delaware, Pennsylvania 18356

Ski Hawksnest
Rt. 1, Box 646
Banner Elk, North Carolina 28604

Ski Liberty Operating Corporation
P.O. Box D
Fairfield, Pennsylvania 17320

Ski Roundtop Operating Corporation
925 Roundtop Road
Lewisberry, Pennsylvania 17339

Ski Stoneham
1420, avenue du Hibou
Stoneham, Quebec
Canada G0A 4P0

Ski Valley Club, Inc.
West Hollow Road
Naples, New York 14512

Ski Windham Operating Corporation
Clarence D. Lane Road
Windham, New York 12496

Snowshoe Mountain Resort
P.O. Box 10
Snowshoe, West Virginia 26209

Split Rock Ski Area
General Delivery
Lake Harmony, Pennsylvania 18624

Station de Ski Bromont Inc.
150, Champlain Street
Bromont, Quebec
Canada J0E 1L0

Sugarloaf/USA
Carrabassett Valley
Kingfield, Maine 04947

Sunday River Ski Resort
P.O. Box 450
Bethel, Maine 04217

Swain Ski Slopes Inc.
Swain, New York 14884

Wachusett Mountain Ski Area
499 Mountain Road
Princeton, Massachusetts 01541-1105

Waterville Valley Ski Area
Tripoli Road
Waterville Valley, New Hampshire 03215

Midwest

Caberfae
Rt. 4
Cadillac, Michigan 49601

Crystal Mountain
M-115 at Lindy Road
Thompsonville, Michigan 49683

Mad River Mountain
Box 22
Bellefontaine, Ohio 43311

Mt. La Crosse
P.O. Box 9
La Crosse, Wisconsin 54602

Paoli Peaks, Inc.
P.O. Box 67
Paoli, Indiana 47454

Pine Mountain
N3332 Pine Mountain Road
Iron Mountain, Michigan 49801

Skyline Ski Area
Rt. No. 1, Box 1708
Grayling, Michigan 49738

Snow Trails
P.O. Box 1456
Mansfield, Ohio 44901

Snowstar
9500 126th Street West
Taylor Ridge, Illinois 61284

Sundown
9000 Asbury Rd.
Dubuque, Iowa 52001

Welch Village
Welch, Minnesota 55089

Wilmot Mountain, Inc.
P.O. Box 177
Wilmot, Wisconsin 53192

Rocky Mountain

Alta
Alta, Utah 84092

Aspen Mountain
P.O. Box 1248
Aspen, Colorado 81612

The Big Mountain
P.O. Box 1400
Whitefish, Montana 59937

Bogus Basin Ski Resort
2405 Bogus Basin Road
Boise, Idaho 83702

Breckenridge Ski Area
P.O. Box 1058
Breckenridge, Colorado 80424

Brian Head Ski Area
P.O. Box F
Cedar City, Utah 84720

Bridger Bowl
15795 Bridger Canyon Road
Bozeman, Montana 59715

Buttermilk Mountain
P.O. Box 1248
Aspen, Colorado 81612

Conquistador Inc.
P.O. Box 347
Westcliffe, Colorado 81257

Copper Mountain Resort
P.O. Box 3001
Copper Mountain, Colorado 80443

Crested Butte Mountain Resort
P.O. Box A
Mt. Crested Butte, Colorado 81225

Deer Valley Ski Resort
P.O. Box 889
Park City, Utah 84060

Fairfield Snowbowl
P.O. Box 1208
Flagstaff, Arizona 86002

Grand Targhee Resort
Alta, Wyoming Via
Driggs, Idaho 83422

Jackson Hole Ski Corporation
P.O. Box 290
Teton Village, Wyoming 83025

Loveland Ski Areas
P.O. Box 899
Georgetown, Colorado 80444

Monarch Ski Resort
Box SA
Garfield, Colorado 81227

Montana Snow Bowl
1700 Snow Bowl Road
Missoula, Montana 59802

Powder Mountain, Inc.
P.O. Box 68
Eden, Utah 84310

Purgatory (Durango Ski Corporation)
P.O. Box 666
Durango, Colorado 81302

Red Lodge Mountain
P.O. Box 750
ked Lodge, Montana 59068

Red River Ski Area
P.O. Box 900
Red River, New Mexico 87558

Sandia Peak Ski Area
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Santa Fe Ski Area
10 Tramway Loop NE
Albuquerque, New Mexico 87122

Showdown Ski Area
P.O. Box 92
Neihart, Montana 59465

Ski Cooper
114 East 6th Street, P.O. Box 896
Leadville, Colorado 80461_

Ski Estes Park
P.O. Box 1379
Estes Park, Colorado 80517

Snow King Ski Area
P.O. Box Ski
Jackson, Wyoming 83001

Snowmass Ski Area
P.O. Box 1248
Aspen, Colorado 81612

Solitude Ski Resort Company
P.O. Box 17557
Salt Lake City, Utah 84117

Steamboat Ski Corporation
2305 Mt. Werner Circle
Steamboat Springs, Colorado 80487

Taos Ski Valley, Inc.
P.O. Box 90
Taos Ski Valley, New Mexico 87571

Telluride Ski Resort, Inc.
P.O. Box 307 (137 W. Colorado)
Telluride, Colorado 81435

Winter Park Resort
P.O. Box 36
Winter Park, Colorado 80482

Wolf Creek Ski Area
P.O. Box 1036
Pagosa Springs, Colorado 81147

West

Alpine Meadows Ski Area
P.O. Box 5279
2600 Alpine Meadows Road
Tahoe City, California 95730

Apex Alpine Recreations Ltd.
Box 488
Penticton, British Columbia
Canada V2A 6K9

Big White Ski Resort Ltd.
P.O. Box 2039, Station R
Kelowna, British Columbia
Canada V1X 4K5

Blackcomb Skiing Enterprises Ltd.
P.O. Box 98
Whistler, British Columbia
Canada V0N 1B0

Boreal Ski Area
P.O. Box 39
Truckee, California 95734

Canyon Ski Area
Box 207
Red Deer, Alberta
Canada T4N 5E8

Crystal Mountain, Inc.
P.O. Box 1
Crystal Mountain, Washington 98022

Cypress Bowl Downhill Ski Area
P.O. Box 91252
West Vancouver, British Columbia
Canada V7V 3N9

Dodge Ridge Ski Area
P.O. Box 1188
Pinecrest, California 95364

Eaglecrest Ski Area
155 Seward Street
Juneau, Alaska 99801

Fernie Snow Valley Ski Ltd.
Box 788
Fernie, British Columbia
Canada V0B 1M0

49° North
P.O. Box 166
Chewelah, Washington 99109

Grouse Mountain Resorts Ltd.
6400 Nancy Greene Way
North Vancouver, British Columbia
Canada V7R 4N4

Harper Mountain
2042 Valleyview Dr.
Kamloops, British Columbia
Canada V2C 4C5

Heavenly Valley
P.O. Box 2180
Stateline, Nevada 89449

Hoodoo Ski Bowl
Box 20, Hwy. 20
Sisters, Oregon 97759

Kimberley Ski and Summer Resort
Box 40
Kimberley, British Columbia
Canada V1A 2Y5

Kirkwood
P.O. Box 1
Kirkwood, California 95646

Lee Canyon Ski Area
1552 Winwood Street
Las Vegas, Nevada 89108

Lyon Mountain
Box 448
Bragg Creek, Alberta
Canada T0L 0K0

Mammoth/June Ski Resort
P.O. Box 24
Mammoth Lakes, California 93546

Marmot Basin Ski-Lifts Ltd.
Box 1300
Jasper, Alberta
Canada T0E 1E0

Mission Ridge
P.O. Box 1765
Wenatchee, Washington 98801

Mt. Hood Meadows
P.O. Box 470
Mt. Hood, Oregon 97041

Mt. Reba, Inc.
P.O. Box 5038
Bear Valley, California 95223

Mt. Rose Ski Area
P.O. Box 2406
Reno, Nevada 89505

Mt. Washington Ski Resort Ltd.
Box 217
Campbell River, British Columbia
Canada V9W 5B1

Northstar-at-Tahoe
P.O. Box 129
Truckee, California 95734

Panorama Resort Ltd.
P.O. Box 7000
Invermere, British Columbia
Canada V0A 1K0

Rabbit Hill Ski Area
Box 8321 P.O. "F"
Edmonton, Alberta
Canada T6H 4W6

Red Mountain Ski Area
Box 939
Rossland, British Columbia
Canada V0G 140

Sierra Ski Ranch
Twin Bridges, California 95735

Sierra Summit Ski Area
P.O. Box 236
Lakeshore, California 93634

Silver Star Mountain Resorts Ltd.
P.O. Box 7000
Vernon, British Columbia
Canada V1T 8X5

Ski Bluewood
P.O. Box 88
116 N. ~~Third Street~~
Dayton, Washington 99328

Ski Incline
P.O. Drawer AL
Incline Village, Nevada 89450

Ski Schweitzer
P.O. Box 815
Sandpoint, Idaho 83864

Ski Smithers
P.O. Box 492
Smithers, British Columbia
Canada V0J 2N0

Skiing Louise Ltd.
P.O. Box 5
Lake Louise, Alberta
Canada T0L 1E0

Snoqualmie
3010 77th Avenue, S.E., No. 201
Mercer Island, Washington 98040

Snow Summit Ski Area
P.O. Box 77
Big Bear Lake, California 92315

Snow Valley
P.O. Box 8
Running Springs, California 92382

Squaw Valley USA
P.O. Box 2007
Olympic Valley, California 95730

Sugar Bowl
P.O. Box 5
Norden, California 95724

Sunshine Village
P.O. Box 1510
Banff, Alberta
Canada T0L 0C0

Timberline
Timberline Lodge
Timberline, Oregon 97028

Westcastle Park
Westcastle Development Authority
Box 279
Pincher Creek, Alberta
Canada T0K 1W0

Whistler Mountain Ski Corporation
P.O. Box 67
Whistler, British Columbia
Canada V0N 1B0

Whitewater Ski Resort Ltd.
Box 60
Nelson, British Columbia
Canada V1L 5P7

APPENDIX B

National Ski Areas Association
Annual Economic Survey
1986-87 Season

PLEASE RETURN BY AUGUST 15, 1987.

This questionnaire represents the nineteenth economic survey of North American Ski Areas. The response in 1985-86 allowed us to prepare an excellent analysis of the industry. We again solicit your cooperation. Please return it as soon as possible.

The data **must include an entire 12-month period**—the 1986 summer season and the winter season 1986-87. If you wish to send us a copy of your **complete financial statement** (including supplements), we will complete a questionnaire for you.

The instructions and definitions provided are designed to facilitate the collection of comparable data—please follow them as closely as possible. The definitions are arranged as they appear in the questionnaire.

We have asked you to identify your area for follow-up purposes; however, all information will be kept strictly confidential.

Name of Ski Area _____ Telephone _____

Address _____

City _____ State _____ Zip Code _____

Fiscal Year: _____ 19____ to _____ 19____

Person to contact if further information is required _____

Telephone number where contact person can be reached during September and October _____

Person to whom the final report should be sent _____

_____

1986-87 GENERAL INFORMATION (For Classification Purposes)

1. Ski-lift data that you provided in previous surveys is stored on punched cards. If you provided this data last year, give your total 1985-86 VTF/Hr and then list only new lifts added and old lifts retired or rebuilt to different capacities. If no changes, just give your 1985-86 VTF/Hr total.

1985-86 Total Area VTF/Hr _____

See Definitions 3-7.

A	B	C	D	E
Lift Type (Please list each lift separately.) (Definition 3)	**Year Lift First Operated (Definition 4)**	**Vertical Drop (Definition 5)**	**Uphill Capacity in Skiers/Hour (Definition 6)**	**VTF/Hour (CxD) (Definition 7)**
			1986-87 Total Area Vertical Transport Feet/Hour	

2. Year area **first operated** _____

3. Does your ski area have snowmaking?
( ) yes ( ) no
If yes, how many hours did you operate snowmaking equipment in 1986-87? _____ Hours

4. 1986-87 ski area acreage.
a) Total acreage at ski area: _____ acres
b) Total skiable acreage: _____ acres
c) Acres of maintained/groomed slopes: _____ acres
d) Acres covered with snowmaking equipment: _____ acres
e) Acres under lights for night skiing: _____ acres
f) Acres under USFS permit: total acres _____; skiable acres _____; maintained acres _____.

5. Classification of your ski area—**choose one.**
( ) **Day Skier Area** (area at which overnight, dining, and after-ski facilities are limited since the area *primarily serves a day skier market*)
( ) **Weekend Skier Area** (area with substantial overnight accommodations and a variety of dining and entertainment but which *primarily serves skiers who stay for a weekend*)
( ) **Vacation Destination Skier Area** (area which *primarily serves the skier who stays longer than a weekend*)
( ) **Weekend Only Area** (area which is *open only on weekends*)

6. We are seeking an absolute measure of growth in usage. Skier-visits are the universally accepted measure of business volume. Would you provide us with your skier-visit count for the past five ski seasons? (Skier-visits is an actual count and *includes season ticket use.*) (**See Definition 8.**)

	Skier-visits		
	Day	Night	Total
1986-87	_____ +	_____ =	_____
1985-86	_____ +	_____ =	_____
1984-85	_____ +	_____ =	_____
1983-84	_____ +	_____ =	_____
1982-83	_____ +	_____ =	_____

7. We are seeking a measure of your ski area daily and seasonal capacity. Capacity is the product of the number of skiers at one time and the number of time periods. Please provide us with:
a) Your **peak crowd** in 1986-87: _____ skiers at one time
b) Your estimate of your "**design**" ***daytime*** **skier capacity** in 1986-87: _____ skiers at one time.
1) Total days of operation in 1986-87: ____ days.
2) Of the total days of operation we could handle: our design crowd (a) _____ days; between 50 and 99% of our design crowd: (b) _____ days; less than 50% of our design crowd: (c) _____ days.
(a) + (b) + (c) equals total days your time in 1).
c) If you also operate some lifts and trails at night, your estimate of your "**design**" ***nighttime*** **skier capacity** in 1986-87: _____ skiers at one time
1) Number of nights when all night lifts and trails were open and skiable and you could handle a full nighttime crowd: _____ nights.

8. 1986-87 Ticket Prices:

Adult Weekend All-Day Ticket	$_____
Adult Weekday All-Day Ticket	$_____
Night Weekend Ticket	$_____
Night Weekday Ticket	$_____
Single Adult Season Ticket	$_____

9. Proximity to metropolitan area (SMSA) in miles. (See **Definition 9.**)
( ) 0-24 ( ) 25-49 ( ) 50-74
( ) 75-99 ( ) 100 or more

10. How many ski areas are within one hour driving time of your area:
( ) 0 ( ) 1 ( ) 2-3 ( ) 4-5 ( ) 6 or more

11. Percentage of your terrain in the following categories:
Beginner____% Intermediate____% Expert____%

12. Lodging available to ski patrons:
Number of beds at your base area _____
Number of beds within 10 miles of your base area *(including beds at base)* _____

13. Other activities available (check all that apply):

	Physically Offered at Area	Offered Nearby
Toboggan or Sleds	( )	( )
Snowmobile	( )	( )
Ice Skating	( )	( )
Ski Touring	( )	( )
Golf	( )	( )
Tennis	( )	( )
Swimming	( )	( )
Other Water Sports	( )	( )
Summer Slide	( )	( )
Other: (please specify) _____	( )	( )

14. Ski Area Land Ownership is:
( ) All private land
( ) Partially or wholly public land
( ) U.S.F.S. permit
( ) State/Provincial land lease
( ) Canadian Government land lease
( ) Other (county, etc.) _____

Percent of slope transport feet **(see Definition 10)** on **USFS land** _____%

15. Is your area engaged in land and/or real estate development? ( ) yes ( ) no
If yes, do you offer (check all that apply):
( ) First home sites
( ) First homes
( ) Second home sites
( ) Second homes
( ) Condominium sites
( ) Condominiums
( ) Commercial sites
( ) Commercial buildings

16. Does your area use a computer? ( ) yes ( ) no
If yes, is it ( ) Owned, ( ) Timeshare?
What brand? _____ Model? _____
What applications is it used for (check all that apply):
( ) Payroll
( ) Accounts Receivable
( ) Accounts Payable
( ) Forecasting
( ) Market Research
( ) Ticket Sales
( ) Other (please specify) _____
_____

17. Ski area employment in 1986-87 (including concession employees):

Total Number of Employees:	Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other	Total All Operations: Number of Employees	Total All Operations: Full-time Equivalent
on average day	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____	= _____	_____
on peak day	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____ +	_____	= _____	_____

1986-87 Itemized Income Statement for a 12-Month Period _____ 1986 Through _____ 1987 (See Definitions 11-16.):

	Winter Season Operations							
	Ski Lift Dept.	Ski School	Food Service	Bar	Retail Store	Rental Shop	Accom-modations	Other[1]
Do not have:	( )	( )	( )	( )	( )	( )	( )	
Own and Operate:	( )	( )	( )	( )	( )	( )	( )	
Concession:	( )	( )	( )	( )	( )	( )	( )	
In thousands:	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
Revenue—Gross Sales or	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Concession Income	. . . . .	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Less: Direct Expenses								
(A) Cost-of-Goods-Sold	. . . . .	. . . . .	$_____	$_____	$_____	$_____[4]	. . . . .	$_____
(B) Direct Labor	$_____*	$_____	$_____	$_____	$_____	$_____	$_____	$_____
(C) Other Direct[5]	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
Less: Direct Allocations:								
(D) Payroll Taxes, etc.	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
(E) Property Operation								
Equals: GROSS MARGIN:	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____

*Detail Winter Lift Department	(000)
Direct Labor: Lift	$_____
Ski Patrol	$_____
Slope Maintenance	$_____
Maintenance and Repair	$_____
Ticket Sales	$_____
Other	$_____
Total	$_____

[1]Other includes Lockers, Nursery, Souvenirs, Coin Machines, Snow Tours, Ice Skating, etc.
[2]The Utility Dept. is for those ski areas that operate community water, sewer, power, plowing, telephone, garbage collection, etc., services either for a fee or free.
[3]Misc. includes Interest Income, Timber Sales, and other unconventional undertakings.
[4]Include the depreciation of rental equipment under cost-of-goods-sold instead of the depreciation account. This is because of the general short life of this equipment.
[5]Other Direct Costs to include the utility cost (except snowmaking), repair and maintenance costs, parts and supplies costs, uniform costs, and any other costs that are directly attributable to the departmental operation.
[6]Payroll Taxes and Employee Benefits to include FICA and unemployment taxes, health, disability and workman's compensation insurance, life insurance, pension and profit sharing, vacation and holiday pay, meals, gifts, etc.; may be allocated by department or grouped under the annual totals in accordance with your accounting treatment.
[7]Despite all efforts to the contrary, there are major items of expense involved in the operation and maintenance of a ski area that do not lend themselves to a direct charge to an operating department. For example, an area might have a general maintenance crew who works from a common supply of tools and repair parts to do minor maintenance in all departments of the ski area. For comparability and analysis, these costs are consolidated as Property Operations, Maintenance, and Energy. You may allocate them by department or group them under annual totals in accordance with your accounting treatment.

18. Will you please provide us with comments on your 1986-87 season? What were the highlights, such as new areas or major expansions, unusual weather conditions, or major pricing or marketing activities that have affected your performance for the 1986-87 season? (Please use an additional sheet if necessary.)

_____

_____

_____

_____

Year Round Operations			Summer Season Operations							
Real Estate	Utility[2] Dept.	Misc.[3]	Lift Dept.	Food/Bar Service	Retail Store	Sports Dept.	Accom-modations	Summer Slide	Other	ANNUAL TOTALS
( )	( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )	( )		
( )	( )	( )	( )	( )	( )	( )	( )	( )		
(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)	(000)
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	$_____	$_____	.....	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	.....	$_____	.....	$_____	$_____	.....	$_____	$_____	$_____	$_____
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____[6]
										_____[7]
$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____	$_____

Less: Common Expenses:

(A) General and Administrative ..... $_____

(B) Marketing (Adv.; Pub.; Pro.; P.R.; etc.) ..... $_____

(C) Insurance: (1) Property (Fire, Theft, etc.) ..... $_____

(2) Liability ..... $_____

(D) Land use fees (1) Public Land Lease ..... $_____

(2) Private Land Lease ..... $_____

(E) Taxes (Except Income taxes)

(1) Property Taxes ..... $_____

(2) Other Taxes ..... $_____

(F) Snowmaking: (1) Labor ..... $_____

(2) Power/Fuel ..... $_____

(3) Maintenance ..... $_____

(4) Other (Water, etc.) ..... $_____

(G) Snow removal ..... $_____

(H) Miscellaneous ..... $_____

(I) Depreciation and Amortization ..... $_____

OPERATING PROFIT (LOSS) ..... $_____

Less: Interest Expense ..... $_____

PROFIT (LOSS) Before Income Taxes ..... $_____

Balance Sheet Information (as of _____ 1987)
(See Definitions 17-25.)

Please make sure total assets equal total liabilities + net worth. Otherwise the data cannot be used.

(Round to Nearest $1,000)

	1987
Assets	
a. Current Assets	$_____
b. Gross Fixed Assets (Undepreciated Cost Excluding Land Held for Resale and Overnight Accommodations)	_____
c. Less Accumulated Depreciation	(_____)
d. Other Assets (Including Land Held for Resale and Overnight Accommodations)	_____
TOTAL ASSETS	$_____*
Liabilities and Net Worth	
e. Current Liabilities	_____
f. Long-Term Debt	
1. Senior Long-Term Debt (Secured by Mortgaged, Chattels, etc.)	_____
2. Subordinated Debt	_____
g. Deferred Taxes	_____
h. Other Liabilities	_____
i. Net Worth	
1. Invested Capital	_____
2. Retained Earnings (Loss)	_____
3. Less Treasury Stock	(_____)
TOTAL LIABILITIES AND NET WORTH	$_____*

***Please make sure that these figures are the same.**

Finally, what comments do you have on the annual economic survey? What would you like to see added or dropped? What suggestions can you make to improve it?

_____

_____

_____

Would you like to receive the report in loose leaf form, 3- hole punched, rather than bound the way it is now?

_____

Thank you for your cooperation.

Please return the questionnaire to:
Business Research Division
University of Colorado
Boulder, Colorado 80309-0420

APPENDIX C

DEFINITION OF TERMS

The definitions of terms utilized throughout the report were developed primarily by the National Ski Area Association's Economic Study Committee. Definitions are given below together with a brief explanation of the usage of the information.

1. Season–the inclusive months during which a ski area is open each season.

2. Fiscal Year–the month in which an area closes its books.

3. Type of Lifts–for purposes of this study are categorized as surface, chair, or gondola.

4. Year Lift First Operated–year when the lifts were first installed and operated. Provides a rough measure of capital investment in the industry over time.

5. Vertical Drop–the vertical distance from the top to the bottom of the slope for a particular lift.

6. Uphill Capacity–the manufacturers rated number of skiers per hour a lift can transport to the top of the slope. An area's capacity is the sum of the individual lifts.

7. VTF/Hour (Vertical Transport Feet Per Hour)–the product of the vertical drop of a lift times the lift manufacturers rated skiers per hour capacity.

8. Day Skier Area–area at which overnight, dining and after-ski facilities are limited since the area primarily serves a day skier market.

9. Weekend Skier Area–area with substantial overnight accommodations and a variety of dining and entertainment but which primarily serves skiers who stay for a weekend.

10. Vacation Skier Area–area which primarily serves the skier who stays longer than a weekend.

11. Weekend Only Area–area which is open only on weekends.

12. Skier Visit–one person visiting a ski area for all or any part of a day or night for the purpose of skiing. This is the total number of lift tickets issued. Skier visits include full-day, half-day, night, complimentary, adult, child, season and any other ticket types that give a skier the use of an area's facilities. Where single rides or coupon books are an important source of revenue, equivalent skier visits are computed from these sources. Each ticket sold for night skiing is included as a skier visit. Skier visits is an actual count and includes season ticket use.

13. Standard Metropolitan Statistical Area (SMSA)–an incorporated area with a nucleus of at least one city of 50,000 inhabitants or more (or "twin cities" with a combined population of at least 50,000).

14. Slope Transport Feet–a method for prorating winter-sport uphill facility capacity on the basis of land ownership. The multiplication of (1) the capacity of each lift times (2) the slope distance traveled by that lift through each ownership (private or U.S. Forest Service). These factors are added for each ownership and the percentage they bear to the total is determined. The resulting percentages reflect by ownership the weighted capacity of the lifts.

15. Revenue–the total revenue derived from ski area operations including ski lifts, ski school, cafeteria, ski shop, equipment rentals, accommodations, and real estate. It also includes concession income from leased operations.

16. Direct Labor–total employees' salaries and wages.

17. Other Direct Expense–any other costs directly related to the particular activity (excluding depreciation).

18. Gross Margin–the revenue available to cover other expenses after direct expenses have been deducted.

19. Insurance–includes both insurance premiums and self-insured losses or deductible losses paid during the twelve month period.

20. Profit (Loss) Before Income Tax–net income derived from all area operations after direct and other expenses have been deducted from total revenue.

21. Current Assets–assets such as cash, inventories, prepaid expenses, accounts receivable, or other items which will convert to cash in the normal course of business within one year.

22. Gross Fixed Assets (GFA)–the total of the original undepreciated cost (not present value) of the improvements and fixtures plus the cost of equipment necessary to generate sales and other income such as day buildings, lifts, equipment, investment in trails, parking, etc., less cost of equipment disposed of. Fixed assets are shown at original cost including additions, but prior to any allowances for depreciation and/or amortization.

23. Depreciation–the cumulative sum of depreciation of gross fixed assets. Indicates the extent to which an area's assets have been written off. Should not include any depreciation on assets previously disposed of.

24. Other Assets–any assets other than current or gross fixed assets. Includes land held for resale as well as overnight accommodations.

25. Current Liabilities–liabilities such as accounts payable, accrued wages, accrued payroll taxes and portions of loans or long term debt due within one year.

26. Long Term Senior Debt–borrowings with repayment scheduled more than one year in the future that are secured by some claim to property or equipment in the event of non-payment.

27. Long Term Subordinated Debt–all borrowing with repayment scheduled more than one year in the future and where the lender has no claim to a specific asset upon liquidation and/or subordinated in terms of priority of payment to other creditors.

28. Invested Capital–the original ownership investment (amount received for stock, partnership or proprietorship interest), plus any new equity funds raised from sources other than earnings.

29. Retained Earnings (Loss)–cumulative earned surplus or loss from annual operations.

Economic Ratios

30. Ski Area Capacity–is defined as those numbers of skiers that a given ski area can comfortably support on the slopes, lifts and in the base and mountain warming buildings without over-crowding or those that may be accommodated at one time and still preserve a congenial environment. A ski area's comfortable capacity is some function of VTF/hour, scope of skiing, and difficulty of terrain, as well as a reflection of the various abilities of the skiers. Ski area capacity is a judgment. In this report it is calculated by assuming a specific VTF/hour demand that varies by geographic region.

31. Operating Profit–is defined as profit before income tax and interest expense. These two expenses vary according to the capital structure and past operations history. Operating Profit is a more precise way of measuring economic variations due to operating experience and seasonal fluctuations and allows for the comparison of ski areas with varying capital structures.

32. Utilization–is measured in percent of capacity. Capacity is the product of a ski area's capacity times its days of operation. Utilization compares actual skier visits to calculated ceiling season capacity.

33. Capital Cost (GFA)/Capacity Ratio–is the ratio between the cost to construct the ski area and its ability to handle skiers. As such for any given point in time it is a rough measure of the site and design efficiency.

34. Operating Cost/Capacity Ratio–is the ratio between cash operating costs (excluding depreciation and interest) and the ceiling season skier capacity (ski area capacity times length of season). Note that since methods used in the presentation of the average area's income statement exclude any and all direct operating expenses for supporting departments that they too are excluded from this ratio. This ratio is a measure of the operating efficiency of a ski area. It is expressed in dollars per skier visit of seasonal capacity.

35. Total Revenue Per Skier Visit–is the gross dollars actually received from each skier for each visit from ski lifts ticket sales, plus the net margin from each supporting activity. It is calculated by dividing total revenue by actual skier visits.

36. Days/nights of Operation–is measured in "equivalent" days/nights where full weight is given to days and nights where all facilities are open; 75 percent to days where less than full but more than one-half of the mountain is open and skiable; and 25 percent to days where less than half of the mountain is open and skiable.

APPENDIX D

NSAA ECONOMIC STUDY COMMITTEE

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